King County

Benefit Health Information Project Business Case

Final v2.3

March 18, 2005

Acknowledgements

This document is the result of a business planning and discovery effort that was initiated in December 2004. The objective of this effort was to examine alternative methods of addressing the increased complexity of administering a new and more complex set of benefit plans and to make a business case for the recommended solution. It contains a comprehensive strategy for business planning, a financial analysis, operational recommendations, and implementation plans for achieving the strategy.

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1 EXECUTIVE SUMMARY

In response to concerns over the growing costs of health care, King County Executive Ron Sims established the King County Health Reform Initiative (KCHRI) in 2004. The basis for the health reform initiative was the urgent need for King County to contain the rise in health care costs for everyone covered by the King County health benefits program. The County's benefits budget is expected to increase at a rate of 11% or more per year for at least the next five years. This is an increase in spending from the current projected level of $144 million for 2005 to $219 million in 2009. This level of increase is unsupportable and will result in a financial crisis for the County if left unchecked. The target of KCHRI is to curtail the growth in health care costs by one-third over the upcoming benefit plan period of 2007-2009. Reducing the rate of growth in health care costs by one-third is projected to save the County $40 million.

King County, with the assistance of other major employers and health care experts in the region, undertook a number of studies to determine the best approach to achieve significant and lasting health care cost containment. The strategy that emerged from this effort involves motivating employees and their families to become active partners through their participation in healthy activities and disease management programs that will promote wellness in the long-term. The Joint Labor Management Insurance Committee (JLMIC) recently endorsed this approach through their adoption of the *Healthy Incentives* benefits framework. This framework will provide the basis for negotiating the details of the County's benefit plans for the 2007-2009 benefit plan period.

Two projects were created under KCHRI: the Benefit Policy and Program Development Project (BPDP) and the Benefit Health Information Project (BHIP). BPDP is chartered to develop and recommend policies for health benefits at the County that will accomplish cost reductions and improve health care quality, and to design health benefit plans consistent with these policies. BHIP is chartered to develop the administrative procedures and related systems to support the implementation of the new health care policies and plans. New procedures and systems related to enrollment must be in place in 2006 for employees and their families to be covered under the new benefit plans effective January 1, 2007.

The Benefits and Retirement Operations Section (BROS) of the Department of Executive Services (DES), Finance and Business Operations Division (FBOD), is responsible for the administration the County's benefit and retirement programs. As the project lead for BHIP, BROS was tasked to determine how best to prepare for the implementation of the new policies and plans that would be coming from BPDP. BROS' approach considered what would be required not only to prepare for the upcoming benefit plan cycle, but what would be required to ensure their readiness to support changes to benefit plans in the future as strategies are refined and redirected to achieve the goals of KCHRI.

Benefit Health Information Project (BHIP) Business Case

This business case covers the new plan delivery solution that is the charter of BHIP. It presents the problems facing BROS in administering the new plans under the constraints of their current environment. It provides a description of and justification for a recommended solution that will

allow BROS to successfully implement the new plan designs of the *Healthy Incentives* program for the 2007 plan year and beyond.

Problem Statement

Currently BROS administers a benefits enrollment process that is largely paper-based. Thirty different variations of the enrollment form are developed every year to reflect different combinations of plan offerings to different groups of employees and bargaining units. Staffing in BROS, that includes hiring additional temporary staff during the peak enrollment period, is focused on preparing, receiving, reviewing, correcting, and inputting the information on these paper forms. Significant time is spent on the phone and on email to respond to questions and to confirm the information contained on these forms. All new benefits information is manually input into the Employee Benefits Management System (EBMS), a Microsoft Access System with SQL server back end. There are no automated processes associated with this application except for the ability to produce form change and confirmation letters. The current rate of enrollment form errors is 16%. This is based on processing approximately 3,600 forms a year.

Movement to new benefit plans for 2007, based on the *Healthy Incentives* benefits framework, will present significant challenges to the current BROS business processes and systems. Under the *Healthy Incentives* program, employees as well as their spouses or domestic partners, may choose to participate in healthy activities and disease management programs, and to submit this information to a third party Wellness Assessment vendor in order to qualify for plan levels that have lower out of pockets costs. While all health-related information from employees and their spouses/partners will remain confidential with the third party vendor and only scores will be passed on to the County, the current processes and systems in BROS will not be able to handle these new scores. Wellness Assessment scores will be received from both employees and their spouses/partners. These scores will need to be matched before a determination can be made on the plan level for the family. As part of this new process, BROS will also be required to handle changes in scores and family coverage that will occur during the enrollment period as employees and their families come to understand that their score, and therefore the level of plan they are eligible for, can be impacted by their level of participation in specified wellness activities and disease management programs.

It is difficult to envision the *Healthy Incentives* program being implemented using the current paper-based process. Enrollment in the new benefit plans in 2007 will involve confirming plan choices for all 13,500 employees and their families, not just the 3,600 employees a year who submit new information or change coverage when there are no benefit plan changes. Complex instructions will be required to explain the new approach that involves a voluntary Wellness Assessment. The sheer number of paper forms (estimated at 90 different forms) that would have to be processed to implement this approach would result in an unacceptably high error. Moreover, EBMS was not designed to handle significant changes such as the addition of new data fields, frequent modifications of data, or sharing of data back and forth with systems inside and outside the County that will be required to support the new benefit plans.

Continued reliance on the current benefit administration business processes and systems in BROS will be highly risky, administratively complex, and work against achieving the goals of

KCHRI. A new technology solution is needed to ensure the success of the *Healthy Incentives* program.

Alternatives Analysis

An alternatives analysis that was conducted in 2004 explored the feasibility of four alternatives for meeting the operational needs of the new plan. The four alternatives originally considered were:

Alternative #1: Operating the new plan under the current business processes of paper based enrollment.

Alternative #2: Implementing online enrollment components of the PeopleSoft suite of products that are already owned by the county;

Alternative #3: Purchasing another vendor's online enrollment packaged system; and

Alternative #4: Building a custom solution from scratch.

The criteria used for analyzing the alternatives were based on a study of the administrative demands of the new plan and lessons learned from prior years' open enrollment processes. The criteria were translated into technical and business requirements that represented both the employee and BROS perspectives. Once the requirements were formulated they were given a priority (Critical, High, and Medium) that represented their relative importance to the process. Major features that were deemed important were:

- Some form of automated enrollment to ease the manual process burden;

- Automation of benefit eligibility rules to manage the increased number of variations;

- Some form of intuitive, easy to use online information tool to offer employees convenient, timely benefit related information; and

- An automated feed to and from the 3rd Party Wellness Assessment vendor.

Alternative #1 was viewed as a Retrofit of the current paper-based process. The significant risk and resource consumption involved in adding operational complexity to the existing paper-based process is not administratively feasible without some degree of system change. The retrofit would encompass only the changes necessary to provide benefits operations with processes that are supportable and sustainable by Payroll Support and Systems Development (PSSD) within FBOD and to allow the capture of Wellness Assessment results. The retrofit would not change the process from the employee perspective. The employee would still receive an open enrollment packet and return forms to BROS for manual processing.

Alternatives #2 and #3 will provide full automation of eligibility rules, online enrollment and web-based employee communication tools. Alternative #2, use of the PeopleSoft enrollment

product, was evaluated along side other vendor products (Alternative #3) through a Request for Information (RFI) assessment process.

Alternative #4 was dropped from consideration at this time due to the high risk, long development window, and high cost associated with a build from scratch effort. In comparison to the other alternatives, it was not considered a viable option.

Three vendors besides PeopleSoft responded to the vendor search RFI. PeopleSoft rated highest and BeneLogic was the next best fit for meeting the county's requirements and they offered a purchased option where the other respondents only offered a hosted. Based on Washington State case law prohibiting the contracting out of work historically and traditionally preformed by civil servants[1] under a merit system, the hosted solution was not considered a viable solution to analyze.

The following table shows a comparison of the three viable alternatives (i.e., Retrofit, PeopleSoft, Benelogic) based on Functionality (their ability to meet the requirements) and Cost (development and ongoing operational costs). The development costs include the development of BROS operational procedures, training, software installation and implementation, the implementation of a phone data capture interface Interactive Voice Recognition (IVR) and the execution of full enrollment for the 2007 plan year.

Evaluation Points	Retrofit	PeopleSoft	BeneLogic
Functionality % Critical Priority Requirements % High Priority Requirements	(3rd) 58% 9%	(1st) 100% 100%	(2nd) 93% 85%
Development Cost	$4.4 mil*	$4.4 mil*	$5.5 mil*
Annual Ongoing Cost	$0.9 mil	$0.2 mil	$0.7 mil

Table 1: Highlights of Alternatives Analysis * cost included a 20% contingency (also found in Appendix A)

Figure 1 below gives a graphic comparison of the cumulative project and operational costs over time for each of the three alternatives.

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[1] Washington Federation of State Employees v. Spokane Community College, 90 Wash. 2d 698 (1918); Joint Crafts Council v. King County, 76 Wash. APP 18 (1994)

Benefits Health Information Project Alternatives Analysis
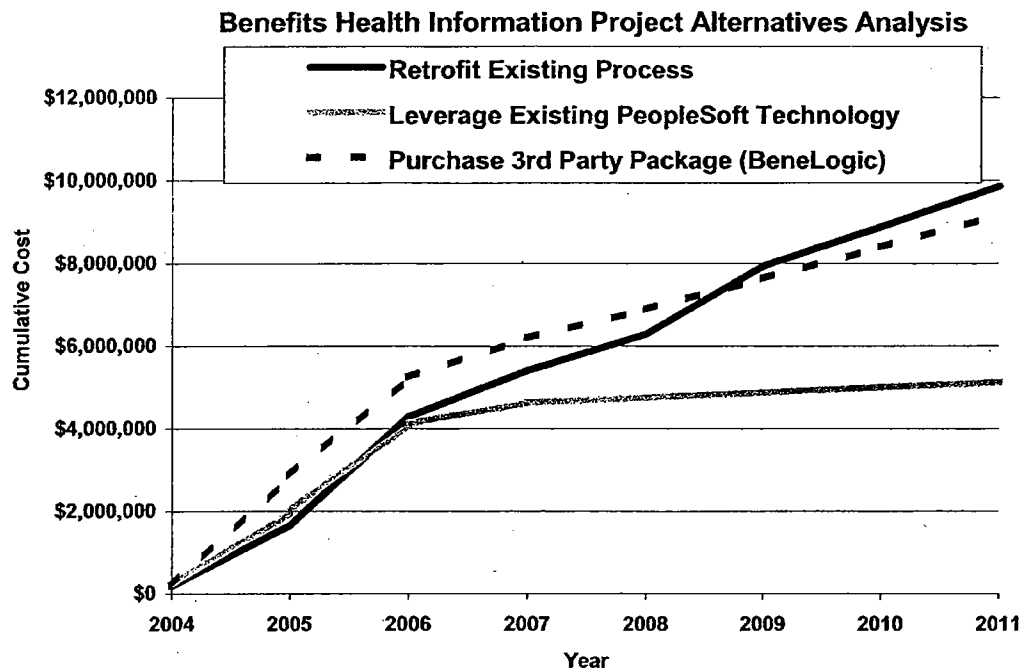
Figure 1: Cumulative Cost of Each Alternative Over Time (also found in Appendix B)

Alternative 1 – Retrofit of the current paper-based business process, as expected, could not compete with the fully automated vendor products when it came to a functional comparison. When compared to the requirements as a means for quantifying the gap analysis, this solution only met 58 % of the identified Critical priority requirements and 9% of the High priority requirements, falling well below the capabilities of the vendor products. Currently, BROS processes an estimated 3,600 changes per year; this is expected to increase to 13,500. The current form error rate (forms completed incorrectly) is 16% (which translates to 576 forms needing correction), it is anticipated that the error rate will increase to 25% (which translates to 3,375 forms needing correction). To accomplish open enrollment, BROS currently brings in two short-term temporary staff for a four-month period; this will increase to 44 short-term staff for the same four-month period. From a cost standpoint the Retrofit had low initial development costs and increasingly higher support costs over time, as vendor contracts negotiate changes each year and new plan changes are expected for 2009.

Alternative 2 – PeopleSoft met 100% of the Critical priority requirements and 100% of the High priority requirements. From a cost standpoint, development costs were slightly higher when compared to the Retrofit option but significantly lower than BeneLogic. This is primarily due to the fact that King County already owns the suite of PeopleSoft products, therefore eliminating the need to purchase a new application package. Ongoing costs were less than either of the other two options over time primarily because of the flexible, rules driven design of the product and no need for service and maintenance fees.

Alternative 3 – Purchased Package (BeneLogic) met 93% of the Critical priority requirements and 85% of the High priority requirements. From a development cost standpoint it was the most expensive of the three options considered. For ongoing cost it was significantly higher than PeopleSoft and less than the retrofit alternative following the anticipated 2010 plan year changes.

Recommendation

The recommended solution is to automate the process for employee information delivery and benefit enrollment, removing the dependency on paper distribution, by implementing the eBenefits module and employee portal provided in the PeopleSoft 8.9 suite of products (Alternative 2). This software is already owned by King County and is the solution that best meets the county's functional needs and financial interests. It provides a seamless integration with the county's current PeopleSoft payroll and human resource modules and provides a web-based tool to enable employees secure access to self-service their health information. Through the use of current web based technology, employees will be enabled to enroll online and research benefit related information in their own homes, encouraging them to fully participate in the new Healthy Initiatives plan.

The PeopleSoft alternative is seen as the best solution for the county to execute the plan being defined by the *Healthy Initiatives* program and to react to changes that will result from future Joint Labor Management Insurance Committee (JLMIC) negotiations over time.

The PeopleSoft solution offers several benefits that are not available with the other alternatives, most notably:

- There is no waiting time for product selection or delivery because the software is already owned by the county;

- The skills to support PeopleSoft Human Resources Management System (HRMS) are in place so the learning curve for production support will be minimal; and

- The PeopleSoft solution aligns with the County's Strategic Technology Plan and the county's direction to migrate employees currently paid from the MSA Payroll System to the PeopleSoft System.

None of the alternatives analyzed offered enrollment options for employees that do not have access to computers or the internet for online enrollment. A part of this recommendation is to integrate alternative enrollment options with the PeopleSoft solution. Interactive Voice Recognition (IVR) enrollment has been considered as one viable option but other options will be evaluated and considered as well.

Funding

The Benefit Internal Service Fund is the funding source for all the BHIP project work. The Finance Internal Service Fund is the revenue source for on-going BROS production costs. A request is being made for $4.4 million, the project costs associated with implementing the PeopleSoft solution. This includes a 20% contingency for development work to mitigate the risk

that incomplete plan design at this time may result in compressed development windows and potential rework.

Timeline

The schedule to implement the new benefit plan based on the PeopleSoft solution is driven by two significant business events. These two events are the Wellness Assessment period (January 2006 through July 2006) and the Enrollment/Employee Education period (January 2006 through December 2006 with a peak in activity during October and November for initial open enrollment). The following chart highlights some of the key project milestones that define the project development plan.
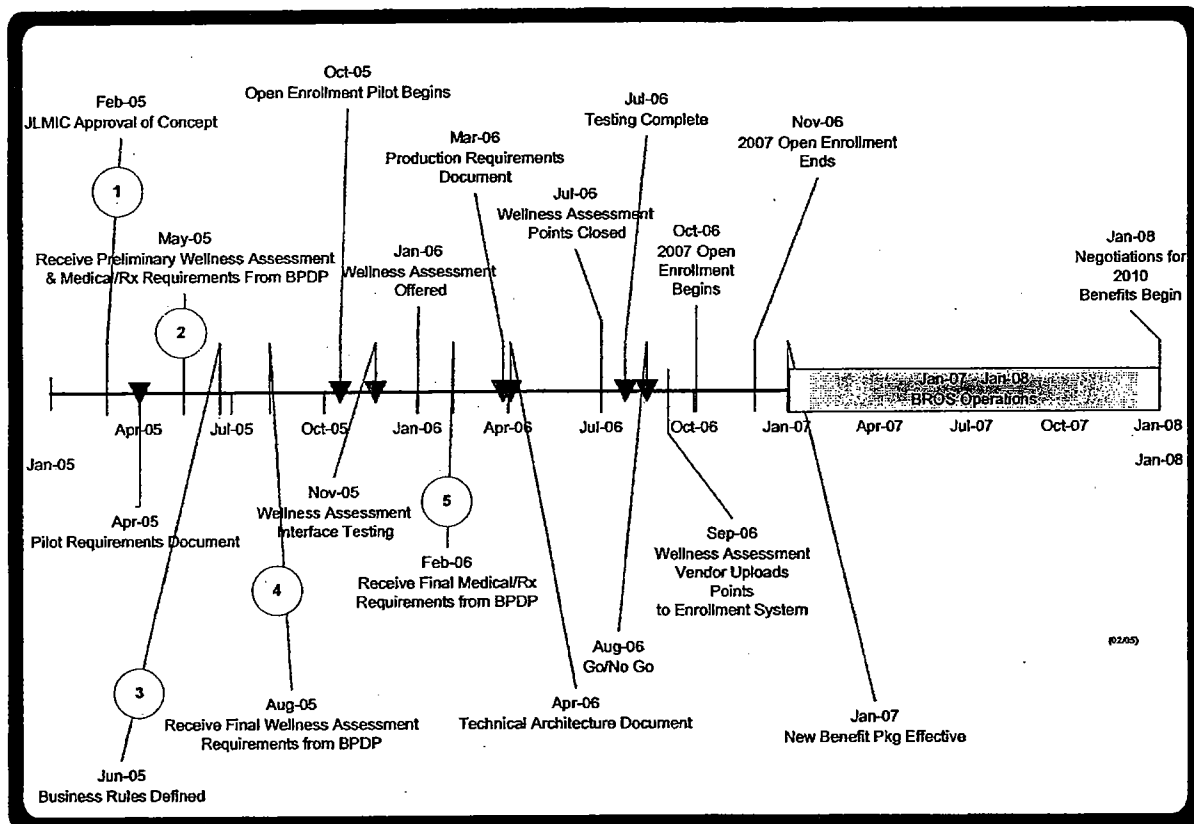
Figure 2: BPDP Timeline with BHIP Milestones Dependent upon BPDP Deliverables (also found in Appendix C)

Project scheduling considerations include a pilot that will be conducted during the 2005 open enrollment period. This pilot will be used to test the use of PeopleSoft tools to easily make cosmetic modifications on the enrollment screens, and to draft the training materials for the enrollment process in the subsequent year. Successful completion of the pilot will provide valuable experience and information needed to support design decisions in the development phases of the final system.

Governance

The BHIP governance structure is summarized in Figure 3.

- The executive sponsor for the KCHRI is County Executive Ron Sims.

- The program sponsor is the County Administrative Officer, Paul Tanaka.

- The program Director is Karleen Sakumoto, Deputy Director, Finance and Business Operations Division.

- The leaders of the two sub-projects, Benefit Policy and Plan Development and Benefit Health Information are Kerry Schaefer, Human Resources Benefit Policy Manager, and Cindy Lee, Benefits and Retirement Operations Section Manager, respectively.

KING COUNTY HEALTH REFORM INITIATIVE
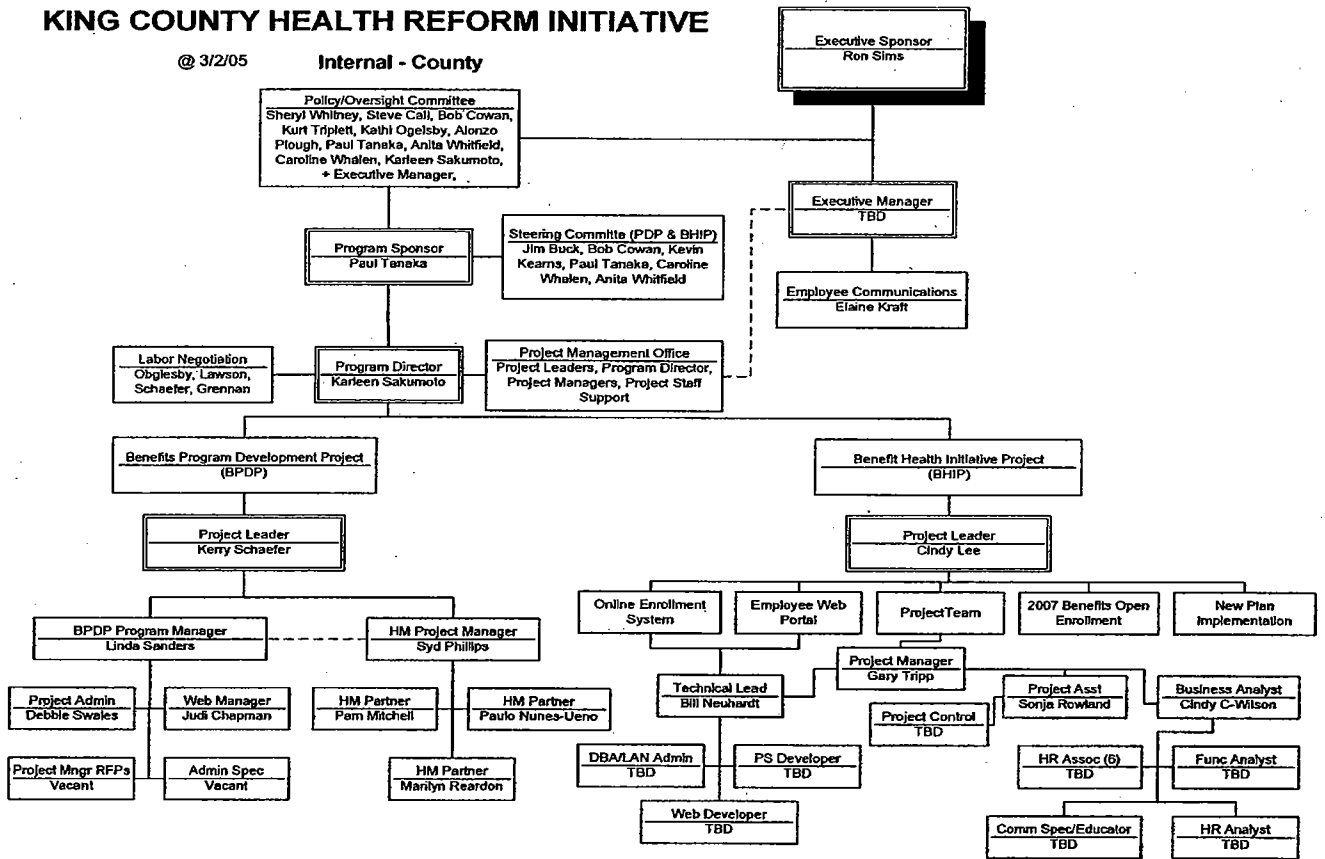
Figure 3: King County Health Reform Initiative Governance Structure (also found in Appendix D)

As with any technology project, the Office of Information Resource Management, specifically the Project Review Board, will provide governance for the technology solution of KCHRI.

Summary

The existing manual business processes are not capable of supporting the new plan designs, even with significant change. It is essential now for the county to move to an automated process to successfully administer the 2007-2009 benefit plan designs. An online enrollment tool and information/education web portal will provide the structure for the efficient administration of the *Healthy Incentives* program to enable efforts to curtail cost growth in health care.

The county has a choice of committing development dollars for a functionally limited, inflexible, paper-based solution design to meet only the current needs or committing those same dollars for the implementation of a state of the art, online rules based system that provides flexibility and scalability for current and future operational needs.

There is no benefit to the county retrofitting the cumbersome, error prone, more expensive manual process. The time is right for investment in a fully automated solution.

2   BACKGROUND

King County is facing an urgent need to effectively contain the rise in employee health care costs. The County's benefits budget is expected to increase at a rate of 11% or more per year for at least five more years. That is an increase in spending from the current level $144 million in 2005 to $219 million in 2009. The county is not alone in this experience--double digit inflation in health care costs has plagued employers locally, regionally and nationally for a half dozen years and industry projections indicate the general trend will continue. This level of increase is unsupportable in the long term and will result in a financial crisis for the county.

While cost is the issue that got the county's attention initially, quality of health care is also an issue. According to studies conducted by the Institute of Medicine[2], the Dartmouth Center for Evaluative Clinical Science[3], and others, there is significant "waste" in the American health care system resulting from over treatment, under treatment, and inappropriate treatment. This waste adds an estimated 25 to 30 percent to the overall cost of health care and results in needless suffering and even death.

In order to address this issue, a group of benefits experts from inside county government was assembled to develop recommendations for significant and lasting cost containment through both short- and long-term strategies. This internal team conducted a focused research effort to determine underlying cost drivers, why existing cost containment strategies were no longer working, and new, more successful "best practice" approaches from published research and actual programs implemented by other employers. Included in this study was the effort of the *Washington Business Group on Health* and *Watson Wyatt* in 2002. They surveyed employers about the cost increases they experienced, the actions they were taking to contain costs, and the results they had achieved up to that point. The study found a clear pattern of differences in the approaches of the most successful employers versus the least successful, and there was a difference of 10 percentage points in the cost increases between 2001 and 2002 experienced by these two groups. In general, the study found that the more successful companies used a number of strategies including:

- Having a more balanced view when evaluating the competing interests of employees and the need to control costs. This attention to employee concerns effectively reduces the negative effect of plan changes on employee satisfaction;

- Being more forward-thinking than low performing employers, and exploring options that have not been done in the past;

- Implementing cost sharing through co-pays and other point-of-care mechanisms rather than increased premium share;

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[2] Institute of Medicine, *"To Err is Human: Building a Safer Health System"* (Washington DC: National Academy of Sciences, 1999)
[3] http://www.dartmouth.edu/~cecs/

- Placing significant emphasis on targeted interventions by using demographic and claims data to identify and care for potential health problems before they become too costly; and

- Using data to integrate numerous benefits such as disability and sick leave and reducing or eliminating redundancies and inefficiencies between plans (*e.g.* worker's compensation and sick pay.)

In December 2003, Executive Ron Sims convened a broad-based leadership group, the King County Health Advisory Task Force (HAT Force), to develop an integrated strategy to address the systemic problems facing the health care system in the Puget Sound region. The Task Force included a number of self-insured employers (Starbucks, Microsoft, Costco, Washington Mutual, City of Seattle and Washington State), and experts in the health care arena, including physicians, nurses, legal, labor and economic experts, and a pharmacist. In addition to relying on its own expertise, the Task Force invited outside experts, including health researchers and leaders of similar regional health initiatives, to assist in its deliberations. The HAT Force had two objectives:

- **Make recommendations on partnerships and processes** that are needed to **establish a system of quality and cost performance measurements** for the Puget Sound regional health care market. These measurements should be publicly available and provide meaningful information for all levels of care: health plans, hospitals, medical groups, individual physicians, and employees seeking health care services.

- **Conduct a reality check for King County**: Has King County accurately defined the problem and identified the most realistic, most actionable elements to achieve quality of care and cost containment in its own employee health plans?

In response to the first objective, the HAT Force final report included a lengthy discussion of evidence-based approaches to chronic disease prevention and management programs in the workplace. Most important, the HAT Force recommended the creation of a regional partnership of health care purchasers, plans, health care professionals and patients collaborating to improve quality and reduce costs in health care delivery across King, Kitsap, Pierce and Snohomish counties. As a result, the Puget Sound Health Alliance was incorporated in December 2004. Alliance participants agree to measure and share health care quality data, which will be housed in an information repository containing clinical care treatment guidelines and tools for all members to use.

The HAT Force addressed the second objective in its February 19, 2004 report that concluded that the county had indeed properly defined the problem and outlined appropriate short and long-term strategies. The King County Council, by Motion 11890 on February 23, 2004, adopted this report. In summary, these strategies include:

- Educate employees and their families about the personal impact of escalating health costs;

- Implement a comprehensive education program to make employees and their families aware of opportunities they have to affect their personal health and health care costs;

- Research and implement best in class health promotion, behavioral risk reduction and disease management programs;

- Buy or build tools to support shared decision-making between physicians and patients in managing wellness and chronic diseases;

- Buy or build tools that inform employees and their families about who in the community provides high quality, cost-effective health care services; and

- Create health plan designs that support and reward active employee and family participation in managing their personal health and health care choices.

The HAT Force also recommended that, among other things, the county:

- Use employee surveys and focus groups to determine the most relevant and effective communication programs for employees and their families;

- Conduct an analysis of its health care utilization data to determine areas of intervention that will have the greatest effect on health care costs; and

- Create benefit designs that motivate employees and their families to choose identified quality providers, actively participate with their providers in their own health care, participate in wellness and prevention activities, and manage chronic health conditions.

The county has acted on all three of HAT Force additional recommendations related to King County benefits. First, the county conducted an employee survey and focus groups to determine the current level of understanding, attitudes, and readiness for change related to 1) the health care crisis, 2) issues around choosing health care plans, 3) using health care services and 4) managing personal health care. One of the strongest themes that emerged from that survey was the employees' desire for *website* access for employees and family members that would assist them (among other things) to learn about general health issues, decide on plans that best fit their needs, obtain information on quality providers and enroll in their benefits.

Second, in July, 2004, the county conducted a detailed health and productivity analysis on the County's actual health care utilization and predictive modeling to determine programs that will contribute to significant reduction in the rate of health care cost growth and show a good return on investment. The analysis showed that 5 percent of members in the KingCare (self insured) plan had health conditions that accounted for 58 percent of the total costs in the plan, and 20

percent accounted for 83 percent of all costs. The report found that cancers and heart disease were leading diagnoses among members with the most expensive claims, while high stress, high body mass index (BMI), tobacco use, high blood pressure, reported depression and low back pain were the most common and contributed the highest number of claims for the rest of the population. Key recommendations in the health and productivity analysis include implementing chronic disease management, case management, health promotion and disease prevention programs. The report lists expected return on investment for these strategies based on published literature and research and experience of the lead author, an expert on health care cost containment strategy.

Third, the county's Executive Labor and Policy Committee, comprised of senior members of the executive's office and key department directors developed a set of policy directions to be used in designing and negotiating the benefit plans with the Joint Labor Management Insurance Committee. These policy directions, which took into considerations the HAT Force recommendations, all of the research and recommendations from the original internal benefits committee, the employee surveys, and the health and productivity analysis, include:

- Improve the health of county employees and their families;

- Reduce the rate of growth of medical plan costs by one-third (this equates to $ 40 million for the 2007 – 2009 benefit plan years – see Appendix E);

- Allow flexibility to address emerging innovation in either vendor or community-based programs;

- Be consistent with all HAT Force recommendations; and

- Be administratively feasible.

To this end, the county has now negotiated the *Healthy Incentives* benefits framework for 2007 – 2009 with its Joint Labor Management Insurance Committee (JLMIC). The *Healthy Incentives* framework is forecast to achieve the one-third reduction in trend over the 2007 – 2009 benefits period through a combination of disease management, expanded case management and high performance specialist network programs, and health promotion programs that help healthy members stay healthy and keep members with chronic conditions from moving into catastrophic claims. As of this writing, the details on the changes, including potential minor out-of-pocket cost sharing components, are still in negotiations with the JLMIC.

The key feature of the *Healthy Incentives* program is that it awards points for participation by employees and their spouse/domestic partner in health promotion and disease management programs. These programs will be offered through third party vendors who will protect the confidentiality of each member's personal health information as required under HIPAA (Health Information Portability and Accountability Act). No individual health information will be sent to the County, only the number of points earned for participation. Employees and their spouses/domestic partners will be motivated to participate in the *Healthy Incentives* program because the points they earn will allow them to have health plans with lower out-of-pocket

expenses. The *Healthy Incentives* plan consists of a PPO Plan – with gold, silver, and bronze out of pocket levels and an HMO Plan – also with gold, silver and bronze out of pocket levels. All three levels cover the same services and benefits; however the gold has the lowest deductibles, coinsurance and co-pays, and bronze the highest. Silver is halfway in between gold and bronze.

The higher the participation in the *Healthy Incentives* program, the more likely that employees and family members will change to more healthy behaviors, and these more healthy behaviors will in turn prevent lower risk problems from becoming catastrophic (*e.g.* high blood pressure does not become a stroke; high cholesterol does not become a heart attack; poor eating habits do not become high body mass index that brings on a whole host of poor health conditions.) A consultant actuary has estimated that the success of the *Healthy Incentives* program depends upon effectively motivating 60 percent of the adult members in the plan (employees and their spouses/domestic partners) to participate in the Wellness Assessments each year. This level of participation is needed to ensure that at least 10 percent of "at risk" adult members adopt more healthy behaviors. In turn, this level of catastrophic claim avoidance, along with effective management of severe claims that do occur, will create the reductions in projected trends, saving money for both the county and its employees.

The *Healthy Incentives* benefits framework avoids the complexity on the employee side that comes with administering plans that have federal tax implications; however, in order to fully respond to all of the recommendations of the HAT Force that were endorsed by the council through Motion 11890, the county will need to make significant improvements in its benefits enrollment business process to:

- Support the administration of the points system and the turning of points into eligibility for the bronze, silver or gold out of pocket plan levels for an employee and family, and

- Deliver information about, and access to, health improvement tools and information to spouses/domestic partners in the home to ensure needed levels of participation.

The county's current paper system and operational procedures do not appear to be adequate to handle the complexity of the new proposed benefit plans. There are currently no mechanisms in place to monitor program participation for both the employee and the spouse/domestic partner to determine if both have earned enough points to be eligible for a particular plan level, much less create a personalized enrollment form that includes only the level of plans the couple has earned. Although the county has recently developed a static employee web page that displays information on benefits, this webpage does not meet the confidentiality and security standards required to make the Wellness Assessment available to interested employees and their spouses/domestic partners. The feedback from the employee survey, and specific input from the JLMIC makes clear that employees are expecting a webpage that organizes all of the *Healthy Incentives* program elements for them, facilitates online participation in programs, and provides instant information on their progress towards earning points.

3   BENEFIT HEALTH INFORMATION PROJECT

3.1   PURPOSE

The purpose of the Benefit Health Information Project (BHIP) is to implement operational improvements that will enable King County to achieve the KCHRI goals outlined in the Background. The goals stated for KCHRI are:

- Design a health benefit program that will slow the growth in health plan costs by one-third;

- Establish initiatives that promote healthy behaviors of employees and their families; and

- Develop administratively feasible benefit plans.

BHIP is the second of two projects organized under KCHRI. The other project is the Benefit Policy and Program Development Project (BPDP). BPDP is chartered to develop and recommend policies for health benefits at the county that will accomplish cost reduction and improved health care quality, and to design benefit plans consistent with those policies. The project is in the design stage and details are currently being negotiated with the Joint Labor Management Insurance Committee (JLMIC). A critical component in the plan is the personal involvement by King County employees and their families, specifically qualified adult spouses/domestic partners, in determining their placement in one of three tiers. The plan includes a Wellness Assessment process that recommends steps for employees and spouses/domestic partners to take to achieve the goals of wellness and disease management. The Wellness Assessment process results in a score that determines placement in a three-tiered health benefit plan.

Given the current plan being defined by BPDP, the basic deliverables of BHIP will strive to accomplish:

- The implementation of flexible enrollment system that includes collection of Wellness Assessment scores for tier eligibility;

- The implementation of an employee communication platform to enable access to benefit and health related information to achieve employee health plan education and information;

- The implementation and operation of automated business rules that set the eligibility criteria based on the new plan designs; and

- Execution of the open enrollment in 2006 for plan year 2007 using the new framework.

The purpose of this document is to provide the business case for moving forward with a recommended solution for providing BROS with the operational capabilities required by the new plans.

3.2 VISION AND SCOPE

3.2.1 Vision Statement

It is envisioned that automation of the eligibility and enrollment process will be necessary in order to meet the efficiency and accuracy standards of the county. BROS will provide a new level of support to King County employees and their families while they make their benefit choices for the 2007 benefit plan year. This new level of support will include the integration of plan eligibility with participation in the Wellness Assessment program and the availability of a broader base of benefit information that employees can use to better manage their healthcare choices. The enrollment process will be easy and inviting for the employee to use and efficient and accurate for BROS to administer and support. The new plan enrollment process will be seamless for the employees, as it will continue to be integrated with flexible spending account signup and making other personal changes such as designating beneficiaries for their life insurances.
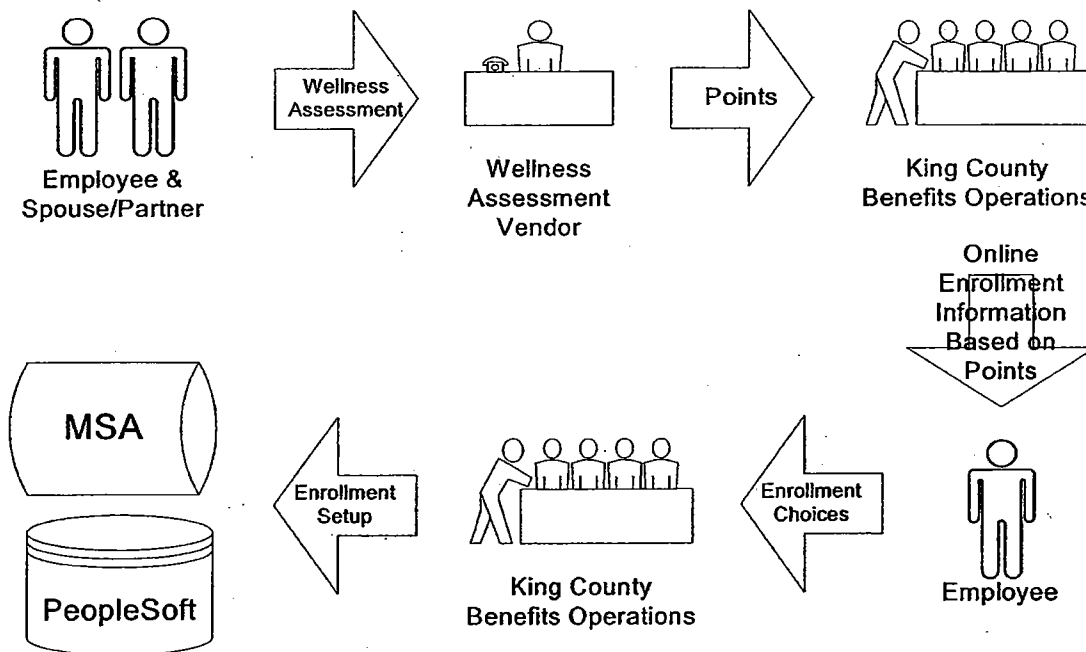
Figure 4: Future Enrollment Process (also available in Appendix F)

3.2.2 Alignment with DES Business Plan

This project is consistent with the following statements quoted directly from the 2005 Department of Executive Services (DES) Business Plan:

- *Identify and meet changing customer requirements.* Based on the survey of employees taken in 2004, county employees wanted the ability to review their benefit data on line and make informed choices from their homes with their spouses/domestic partners. BHIP is working to provide the online tools to meet the changing requirements of the county benefits plan while meeting the expressed needs of our employees.

- *Encourage and expand the use of strategic partnerships to leverage resources, achieve efficiencies and reduce costs.* BHIP is working on strategic partnerships within the Finance and Business Operations Division (FBOD) to leverage existing resources in place to support a technology solution, contain future system maintenance costs, and partner with the Human Resources Division (HRD) to meet the objectives of KCHRI.

- *Manage capital, human, information and technology resources to improve services and information sharing.* BHIP is recommending a technology solution that will reduce human costs to administer the new benefit plans, provide secure access to personal information for our employees, and leverage resources already owned by the county

- *Exercise responsible stewardship of county resources to contain costs of services.* BHIP will provide the county with the most cost effective technology solution to support the new benefit plan design. The recommended technology solution will also position the county to respond to future growth and changes in the plans, as the recommended solution is stable and scalable.

3.2.3 Alignment with King County's Strategic Technology Plan

The envisioned solution complies with the following guiding principles for information technology in the *Strategic Technology Plan 2003-2005 (Revised):*

- *Information technology investments should be coordinated at a county-wide level to leverage development efforts, reduce duplicative costs and ensure compatibility of systems.* The foundation for the solution is the existing PeopleTools and Oracle database architecture;

- *Information and services should be provided using web-based technology with standard navigation tools and interfaces where appropriate.* The solution utilizes online enrollment tools built on PeopleSoft Internet Architecture;

- *Enable the county to achieve defined strategic business objectives.* The solution enables BROS to effectively implement the new benefit program;

- *Streamline business operations using cost-effective technology.* The solution is the least expensive of the alternatives analyzed;

- *Leverage existing investments.* The solution implements applications already owned by the county and uses existing subject matter experts and support; and

- *Seamless self-service access to information and services.* The solution will allow the employees to view the county's benefit information, their personal information, and enroll or make allowable changes online.

3.3 SCOPE

3.3.1 In Scope

The following items set the scope of the BHIP project based on what is currently known about the benefit plan designs and what is in the BHIP vision:

1. Implementation of an enrollment system to include the technical solutions and the business processes and procedures needed to operate it

- Provide an interface with the Wellness Assessment vendor product to capture individual wellness points
- Integrate the new data elements needed to manage wellness scores and plan tiers and to match employees and their spouses/domestic partners with each other and their Wellness Assessment results
- Convert the matched results into a plan tier placement
- Provide for default plan tier placement for employees who do not participate in the wellness assessment
- Provide employees with information and ways to submit their enrollment options
- Interface with external vendors
- Interface benefit information to and from both county payrolls

2. Benefits Operations

- Implement the Wellness Assessment for plan year 2007
- Prepare for and perform the annual enrollment for 2007 plan year
- Allow for mid-year life changing events (adding/dropping spouses or domestic partners) as it relates to the Wellness Assessment
- Provide for employee outreach (training and enrollment assistance as requested)
- Prepare content regarding the benefit plan information for the web portal

3.3.2 Out of Scope

The following items are currently not in the scope of the BHIP project:

1. Selection and contracting with the Wellness Assessment vendor – this is under the scope of BPDP;

2. Communications with employees of the health wellness awareness process of the new benefit plan – this is under the scope of BPDP;

3. Content for any of the links from the employee web portal specific to the *Healthy Incentives* education plan – this is under the scope of BPDP;

4. Online benefits decision support tools (removed from scope based on change in envisioned plan design). No longer need data modeling or comparison tools; and

5. Single sign-on that provides access to external benefit vendor websites for purposes of calculating and comparing utilization data to make plan choices (removed based on change in scope of plan design).

3.4 PROGRAM TIMELINE

There are many KCHRI program milestones related to defining, developing and implementing the new benefit plan. The figure below highlights some of the key milestone activities of the BHIP project. In order to be ready for the new benefit plan to go into effect on January 1, 2007 the following targets must be met as shown on Figure 5:

- June 15, 2005 - latest date for project approval and funding release to implement the technical solution that represents a Go/No Go decision to conduct a pilot as an opportunity to test the ease of use with the enrollment tool and web portal

- August 15, 2005 – latest date for a Go/No-Go decision to implement the technical solution without a pilot

- August 2005 - latest date for finalizing the plan requirements

- January 2006 - roll-out date for the Wellness Assessment

- June 2006 – start preparation for open enrollment

- October 2006 - start enrollment for the 2007 plan year
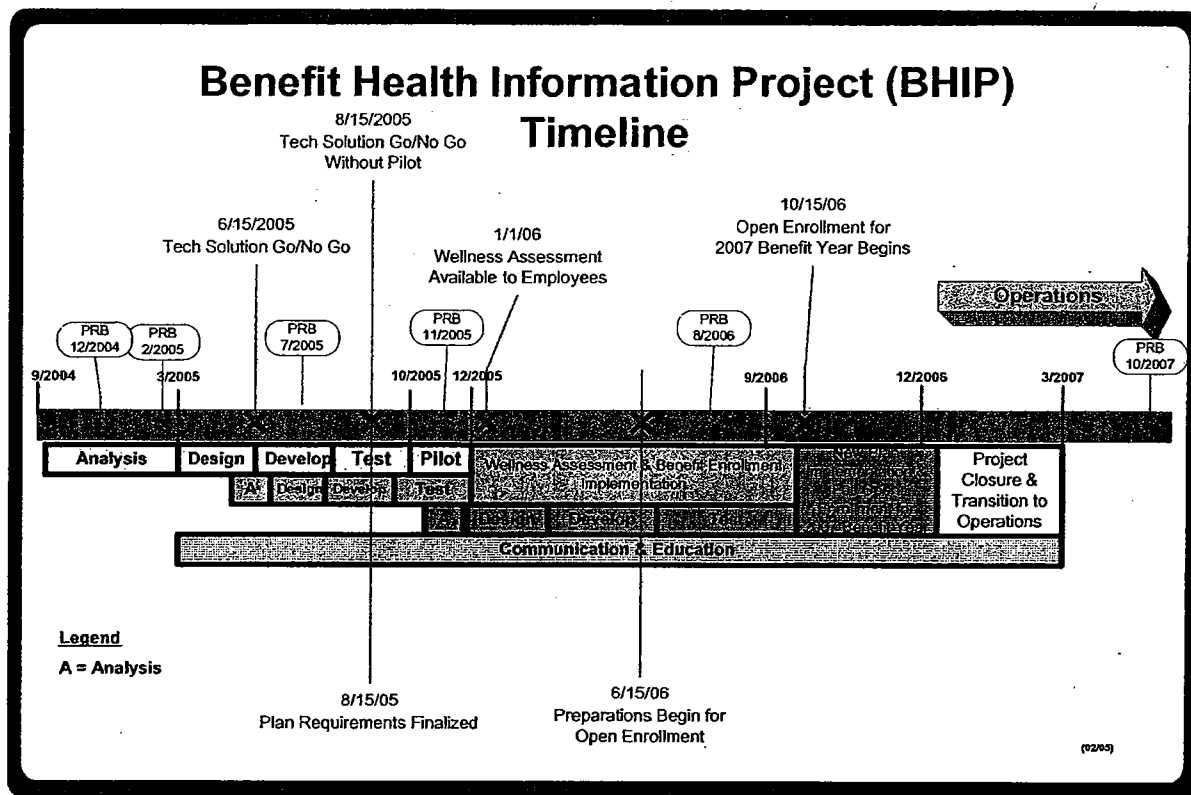
Figure 5: BHIP Timeline (also found in Appendix G)

3.5   SCHEDULE CONSIDERATIONS

Key events for BHIP that drive the schedule for the open enrollment process for plan year 2007 include:

- Prepare plan documentation for web portal;

- Mail enrollment notices to employee homes;

- Identify processes for handling form changes from IVR enrollees;

- Enter and file IVR form changes;

- Resolve any outstanding errors; and

- Close out enrollment

There are five key BPDP events that drive the schedule for BHIP. It is the responsibility of the Program Director to ensure that BPDP provides BHIP with timely decisions and information needed to meet the BHIP timeline. These drivers are highlighted on the time line in Figure 6 relative to other project events.

1. JLMIC Approval of *Healthy Incentives* concept;

   - A Memorandum of Understanding (MOU) supporting the *Healthy Incentives* policy framework is scheduled for formal approval of the JLMIC. Approval of the MOU allows both BPDP and BHIP to proceed with work to design and implement new health care plans for the 2007-09 plan cycle consistent with the policy framework.

2. Delivery of the Wellness Assessment requirements, defining the interface and processing rules for BHIP and BROS;

   - BPDP and BHIP staff are currently working together on identifying the requirements that need to be reflected in the RFP for the third party Wellness Assessment vendor. This process serves to clarify the responsibilities and activities that will be performed by the Wellness Assessment vendor. Until responses are received from interested vendors, however, BHIP will not be able to confirm that the Wellness Assessment vendor will be able to meet all stated requirements. The Wellness Assessment RFP is scheduled to be advertised in May 2005.

3. Business rules for new health plans defined;

   - Business rules that define how changes in plan eligibility for current and new members will occur, or how changes in spouses/domestic partner coverage will occur need to be reviewed and approved by the JLMIC. These types of rules will impact BHIP's analysis of business process changes that need to occur. They will also need to be reflected in BHIP's training curricula and communications materials.

4. Securing a Wellness Assessment vendor – sets schedule for interface work and testing; and

   - The Wellness Vendor is scheduled to be selected by August 2005. The contract will define the roles and responsibilities of the vendor and the county. BHIP will then have final requirements for developing the architecture and interfaces. In the event that the selected vendor is unable to perform any of the requirements identified in the RFP, BHIP in consultation with BPDP will need to develop a plan for how this problem will be addressed.

5. Finalizing the list of new external vendors – defines interfaces for BHIP.

   - BPDP will need to inform BHIP about how many external vendors will be involved in transmitting information to BHIP and/or receiving information from BHIP. This will be finalized through decisions regarding how many vendor RFPs will be issued for medical benefit-related services.
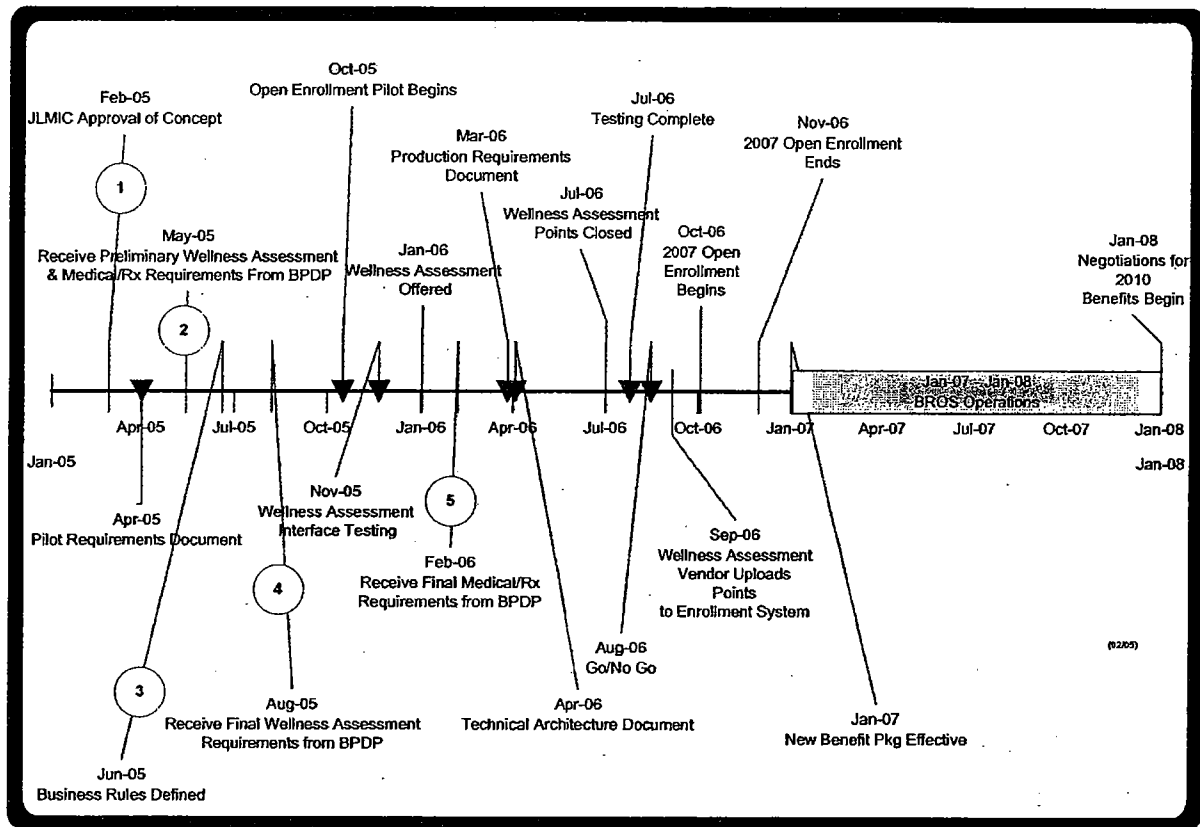
Figure 6: BHIP Project Schedule Drivers (also found in Appendix H)

3.6 BUSINESS SUCCESS FACTORS

When BHIP is complete, the solution will need to achieve the following performance targets:

- Communications and availability of a simple user interface must result in at least 80% participation in online enrollment by employees;

- For the remaining 20% or less, the solution must provide another automated data capture option such as a phone based enrollment option (IVR);

- Security of the system is fail proof, measured by 3rd party security review and approval;

- All eligibility rules must be 100% automated;

- The solution achieves100% accuracy of plan placement;

- The solution is fully integrated with the MSA and PeopleSoft payroll systems, as measured by no severe errors outstanding in the interfaces; "A severe error is one

which prevents the transmission of appropriate information in the interface and causes a payroll error";

- The solution is 100% in compliance with HIPAA regulations;

- All BROS team members are fully trained and able to provide excellent customer service to the benefit eligible employees of the county as measured by customer satisfaction tools;

- Full plan implementation is achieved on January 1, 2007 as measured by no severe errors outstanding as a result of User Acceptance testing;

- Employees can easily access the information provided from the newly initiated "Focus on Employees" Internet page, measured through solicited customer feedback; and

- The solution achieved timely transmittal of eligibility information to the county's healthcare vendors as measured by adherence to contract stipulations.

3.7 RELATED INITIATIVES

Over the same time period that King County is undertaking this initiative to reduce employee benefit costs there are several other initiatives underway that in some way impact or are impacted by the BHIP project. Close coordination and management between these efforts is critical to make sure King County resources are effectively allocated, and dependencies are identified and effectively managed. Direction and oversight will be provided by the KCHRI Program Director who is responsible for ensuring inter-project coordination.

Payroll Initiative Project (PIP) - is an initiative sponsored by FBOD. The project will document all of the payroll administrative processes and make recommendations to perform data clean up in MSA. BHIP interacts with PIP to the extent that the MSA data dictionary developed by PIP will assist in defining payroll interface elements for BHIP.

Accountable Business Transformation (ABT) - is an initiative currently in the planning stage that includes migrating all employees currently paid on the MSA system to PeopleSoft. The interaction with BHIP is not fully defined at this time but efforts are underway to define involvement and to identify dependencies between the two projects.

PeopleSoft Version Upgrade Project – involves upgrading the current production PeopleSoft HRMS version 8.0 to the updated version 8.9 in 2005 and 2006 and is a preliminary deliverable of ABT. This initiative will need to be closely coordinated with BHIP, specifically in the area of interface coordination, in order to manage resources shared for both efforts. The BHIP solution will need to have the capability to interface with whichever version is operational at the time of implementation. This strategy was successfully used during the upgrade from PeopleSoft 7.02 to 8.0 by the PERS 3 project.

In addition to the above, any new county initiatives will be thoroughly assessed for their risk to or influence on BHIP. The risks associated with any resource overlaps or deliverable dependencies will be mitigated and managed through project management best practices by both projects.

4 BUSINESS STATEMENT

4.1 BUSINESS STATEMENT OF NEED

BROS is responsible for implementing policies, procedures and technical operations related to administration of the new benefit program. From an operational standpoint, BROS is responsible for:

- Implementing changes to the eligibility rules to determine placement in the three-tiered health benefit plans;

- Incorporation of new eligibility "points" information being fed by an external Wellness Assessment vendor into the enrollment process, to include the match-up of employee and spouse/partner assessment results;

- Changes to all materials (forms, guides, orientation communications, etc.) to cover the three-tiered plan options;

- Changes in other business rules impacted by the new eligibility "points" information, including rules for status changes and corrective actions;

- Claims management due to the change in deductible levels and out of pocket expenses;

- Employee outreach to explain the plan designs to include meeting the need for wellness assessment information year-round;

- Positioning operations for future program changes;

- Processing 13,500 enrollment changes for the open enrollment for 2007 under the new program design;

- Ongoing processing of life change events enrollment and annual open enrollment after 2007;

- Development of benefit related content for web page (newsletter, outreach, how to's, etc.).

4.2 BUSINESS ANALYSIS

In order to formulate a recommendation for a new operational process it is important to first fully understand the current business process so that it can be used as a baseline and reference for

areas needing change. The following sections compare the differences between what is being done today versus what will be required in the future to administer the new benefit plan.

4.2.1 Overview of Current Process

In the current benefits administration process, participation in the health benefit plans is determined solely by employment status including union membership. To provide a baseline for proposed changes, the following is an overview of the current business process:
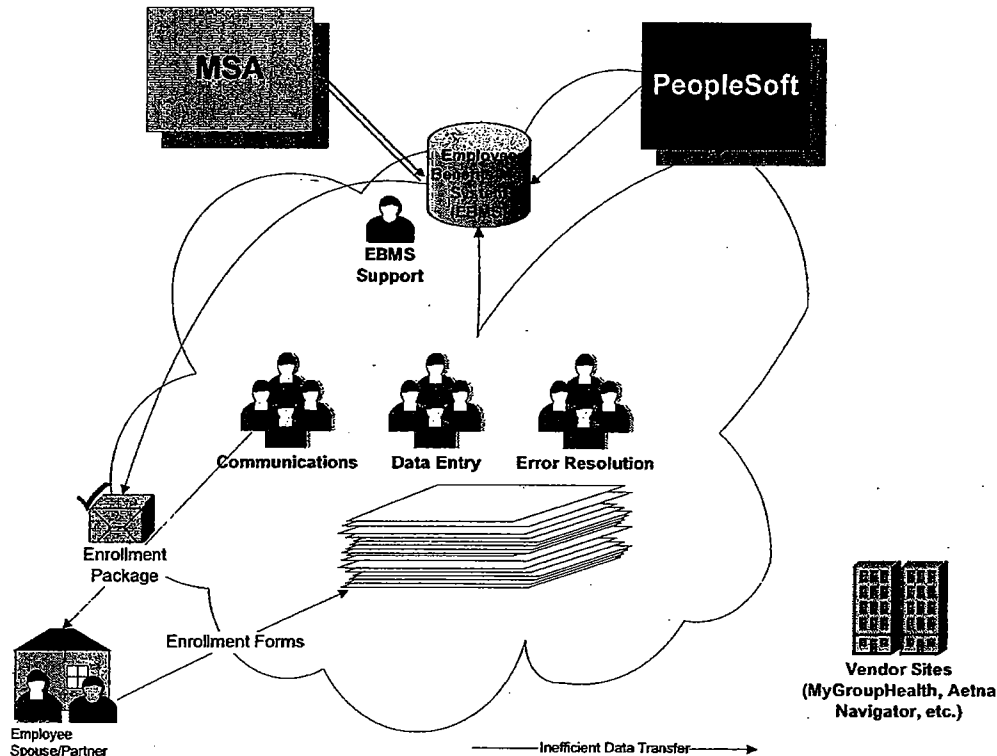
Figure 7: Current Data/Process Flow (also found in Appendix I)

The current enrollment manual process is supported by a Microsoft Access application (EBMS) that maintains data stored in a SQL Server data repository. There are no automated processes in the MS Access application other than output creating change and confirmation letters. The system also captures the data entered from enrollment forms and uploads it into MSA. PeopleSoft data is entered directly into PeopleSoft. The following table highlights the key activities undertaken each year in preparation for and conducting annual open enrollment that will be impacted by the new plan.

Activity	Current Process

Activity	Current Process
Eligibility	• Determined solely by employment status (FTE, temporary, etc.) and union membership
Annual Enrollment Preparation	• 9 Medical plans (King Care (Basic and Preferred), 3 transit plans, Group Health, Pacific Care, Regence, Sheriff's Office Group Health) • Miscellaneous plans – Long term disability, enhanced life insurance, accidental death and disability, dental and vision Services • 30 variations of the enrollment form and guides based on union affiliation across plans • Miscellaneous forms for beneficiary, retirement and flexible spending accounts • Summary of Material Modifications (SMM) for inclusion in the packets • Send all forms and guides to print shop and graphics for printing • Prepare all miscellaneous instructions for the packets • 30 forms and enrollment guides, over 50 – 65 combinations, customizations for the mail vendor
Annual Enrollment	• Send spreadsheet with mail customizations to mail vendor for mailing • Vendor mails 13,500 enrollment packets to employees • BROS team mails packets for COBRA and retiree medical participants (600 participants) • Packets are returned with undeliverable addresses and are re-directed (approximately 2% or 260) • Completed enrollment forms arrive at BROS October

Activity	Current Process

	15 – 31 (average 3600 per year).
	
	   o 1200 FSA changes
	
	   o 800 Beneficiary changes
	
	   o 1600 Enrollment changes
	
	• Forms with errors are returned to employee and tracked for resolution (16% of the forms have errors or missing information, approximately 575 returned forms in 2004)
	
	• Information from enrollment forms is entered into Open Enrollment User Interface, Beneficiary system, MSA, Flexible Spending Acct system and PeopleSoft,
	
	• Entries audited
	
	• Vendor files transmitted to vendors in mid-December
	
	• Confirmation letters of all changes are printed and mailed to employee
	
	• Respond to increased inquiry calls (normal 50 calls per day increases to 200 calls per day)
	
	• Respond to increase walk-in support (normal 5 walk-ins per day increases to a range of 40 – 100 per day)
	
	• All documents are filed (average year 3600)

Mid-year life changing events	• Average per year
	
	   o 1795 change forms
	
	   o 1010 new employee enrollees
	
	• Forms are data entered into PeopleSoft or MSA

Activity	Current Process
	• In addition to regular open enrollment, two additional transit open enrollments are conducted each year for newly eligible part-time transit operators
Employee Outreach	• Web site updated when changes occur • Employee enrollment fair once per year • Weekly new employee orientations • Benefit plan education at Transit bases

Table 2: Current Annual Enrollment Activities

4.2.2 Constraints

There are several business driven and process driven constraints that exist in the current environment. These are important to include when considering changes because of the opportunities that may be presented to remove situational constraints and/or to improve performance within hard constraints.

- Enrollment MUST be complete by October 31st to meet the December 15th deadline imposed by the vendors in order to meet the January 1 eligibility date for coverage.

- All documentation is readied for distribution between June and October 1st.

- The current MS Access / SQLServer system (EBMS) is a simple data repository for benefit information with no processing capabilities to apply eligibility or plan placement. It is supported locally by BROS staff and is not positioned from a program design standpoint or operationally to support BROS processes without a significant re-write. It poses a high risk of failure with the new more complex plans.

- Staff supporting the operation of the Human Resource/Payroll systems provides the download of personnel information into EBMS. These resources are managed outside of BROS creating a dependency that often causing resource constraints as a result of conflicting priorities.

- There is currently no consistent process for interfacing eligibility files with external carriers.

- There is no system based data checking for errors or completeness.

- All data maintenance must be performed by BROS staff (no employee direct updates)

4.2.3 Overview of the New Process

The new benefit plan design will require new administrative business processes that are significantly different from the current processes. Eligibility for placement in a plan tier will be determined with plan level for employees and their spouse/domestic partners will be based on a Wellness Assessment administered by a third party vendor. The enrollment process will now be a two step process; first participation in the wellness assessment and then going through open enrollment. In the months prior to enrollment employees and their adult family members will independently participate in a wellness assessment. The result of the assessment will generate a personal recommended plan of action specifically defined to improve critical aspects of the employee's health. Both participation in the wellness assessment and the recommended health improvements will determine placement in one of the three plan tiers. In the situation where both an employee and a spouse/domestic partner are covered under King County's benefit plans the lower of the two individual scores represents the family placement in one of the three tiers. The new process will need to send benefit information to MSA and PeopleSoft payrolls.

The following diagram depicts full automation of the enrollment process, replacing the EBMS process with a benefits management solution. In reality there are opportunities for various levels of automation that will result in a range of efficiencies. The alternatives analysis in the Recommendation section of this document addresses these various options.
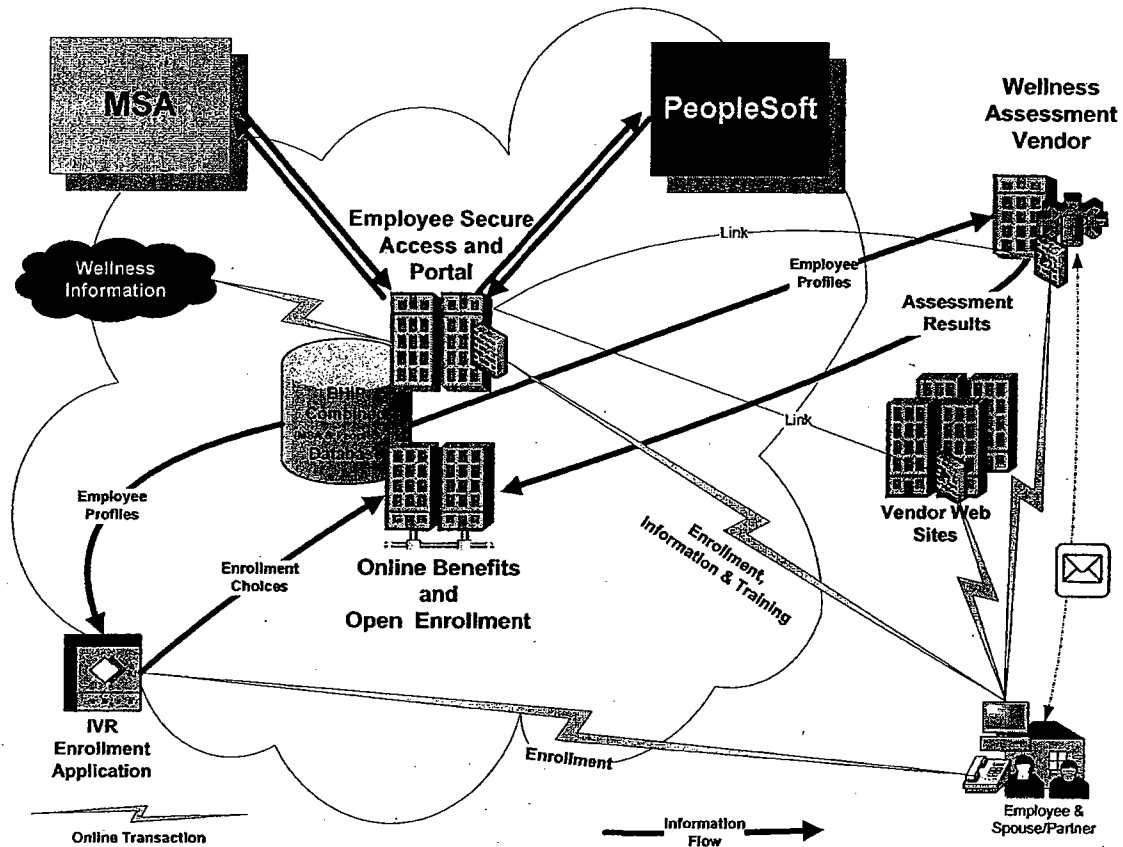
Figure 8: Overview of fully automated New Process (also found in Appendix J)

5 IMPACT ASSESSMENT

5.1 CURRENT SYSTEM IMPACT ASSESSMENT

A fundamental assumption is that the county is going to change health benefit plans effective January 1, 2007 and there will be an increase in volume and complexity to manually administer the changes under the current business process.

The following table represents a summary of the activities carried out under the current process with a "status quo" scenario, retrofit paper enrollment solution, and a "fully automated" solution. The "status quo" shows the current process under the old benefit plans. The retrofit solution identifies the impact to the current process operating the new plan. The "fully automated" solution shows the impact if the new process were automated through direct employee enrollment over the Internet and employee education and training communicated through an employee benefits web site. For details of the processes see Appendix P.

Benefit Health Information Project (BHIP)
Business Case

Activity	Current Process With Current Plan	Paper Enrollment Process With New Plan	Web Enrollment Process With New Plan
Eligibility	Manual lookup of employment status (FTE, temporary, etc. and union membership.	Manual lookup of employment status (FTE, temporary, etc.) and union membership. Manual conversion of wellness points to a family plan placement.	Eligibility rules automated. System conversion of wellness points to a family plan placement.
Annual Enrollment Preparation	30 variations of plans, guides and summary of material modification (SMM) to review and re-write. Print at the county print shop to mail to employees.	New plan design: 30 variations of plans, guides and summary of material modification (SMM) to review and re-write multiplied by 3 tiers so now 90 variations of forms, guides and SMM to review and re-write. Forms, guides and SMM's mailed to employees. Staffing in BROS will need to increase in order to prepare the added forms and guides.	Forms, guides and SMM's posted on employee portal for easy access by employees and spouse/domestic partner. No longer mailed to employee's home. No change to staffing in BROS.
Annual Enrollment	13,500 forms guides and SMMs mailed to employee's home. 3,600 forms are submitted with changes. 2% (270) are undeliverable 16% (576) have errors to resolve	13,500 forms, guides and SMM's mailed to employee's home. 13,500 forms are returned to BROS, with changes. 2% (270) are undeliverable. 25% (3,375) have errors to resolve Processing 13,500 forms, at at a rate of 30 minutes/form, BROS will need 44 short-term temps for 4 months to perform enrollment tasks.	13,500 Postcards with enrollment instructions mailed in lieu of enrollment packets. Forms, guides and SMM's posted to the employee portal. Employees enroll on-line.

Activity	Current Process With Current Plan	Paper Enrollment Process With New Plan	Web Enrollment Process With New Plan
		Space, equipment and supplies will also be required.	
Employee Outreach	BROS develops content for web pages. Content is updated only when changes occur. BROS also has an annual benefit fair and plans are in place to continue to have the fair.	BROS develops content for web pages. Content **changes monthly**, per the direction of the Employee Focus Web Page Manager to include newsletters and articles. BROS will continue to sponsor an annual benefit fair.	BROS develops content for the web pages. Content **changes monthly**, per the direction of the Employee Focus Web Page Manager to include newsletters and articles. BROS will continue to sponsor the annual benefit fair, emphasis on **training** to enroll on-line.
Technical	BROS has Microsoft Access system with SQL server backend that supports team with combined PeopleSoft and MSA benefit information. The system is not scalable and has problems with the process for updating information from PeopleSoft and MSA.	BROS will **re-write** the Microsoft Access system on a secure and supported platform, Oracle, and use programming tools from PeopleSoft that provides more functionality. The re-write will add **stability, security and better support** but will not be a flexible scalable system. The **retrofit solution** will require additional re-writes whenever there are changes to the benefit plans.	The **fully automated solution** is a system developed using tools and rules available in PeopleSoft's eBenefits and Web portal. The solution is a scalable system that supports moderate plan changes.

5.2   IMPACT ASSESSMENT CONCLUSIONS

The current enrollment and employee communication processes are already cumbersome and stretch the BROS staff to the extent that it is difficult to conduct normal day-to-day business during the peak period of open enrollment. Based on the analysis documented above, if the new benefit program is to be administered under the current BROS environment it will have the following impacts:

Resource Impact

- To conduct the 2007 Open Enrollment process BROS would need to hire 44 additional short-term staff for 4 months as opposed to the two additional short-term staff currently hired for the same 4-month period;

- Attrition may occur for temporary hires and it may be difficult to maintain a fully staffed effort;

- Increase in temporary staff will result in increased errors estimated from 16-25%;

- The increase in different forms and enrollment guides may be too costly for a mail service to handle and may need to be done in BROS;

- The review process for language changes in the forms and guides will take at least three times longer;

- Need to permanently increase in communications staff by at least one (1) FTE for the ongoing development of the forms, guides, content for newsletters, articles and posting to the Employee Focus web site

- Space in close proximity to BROS needed for the large number of short-term staff. Cost per square foot is $25 per year. Need 50 square feet per employee, which is less than the standard allotted footage. In 2007 the cost for four months is estimated to be $17,600. In 2008 and beyond, this cost is estimated to be $27,600 per year.

- Need to purchase or rent (if available) PCs and printers for short-term staff, as they will log forms and enter data changes into the system

- Need to obtain from surplus whenever possible or purchase or lease desks, chairs and miscellaneous supplies for short term staff

Schedule Impact

- The enrollment process will no longer be a 7 month effort but rather a 12 month effort

- Response to annual contract review changes would take at least three times longer for verbiage on the forms and guides in order to ripple the changes through three sets of plan documentation

- Delays in submitting eligibility tapes to vendors will result in faxing eligibility forms to vendors, which is a higher level of effort for BROS staff and vendor

Quality Impact

- The error rate will increase due to increased volumes of paper being handled by short term, recent trainees

- The need to ensure consistency across all variations in forms and guides may not be feasible to meet

- There may be more employee errors on forms adding time for resolution due to the dependency on information from the Wellness Assessment vendor. Failure to resolve form errors timely may put the county at risk for completing enrollment on schedule. The error rate is estimated to increase from 16% to 25%.

6 SOLUTION RECOMMENDATION

6.1 OVERVIEW

BHIP was chartered to implement a solution that would make it feasible for BROS to administer the new benefit plan designs through changes to business processes and automation of operational procedures. As a preliminary step the BHIP project team, along with BPDP and BROS staff with the assistance from the consulting firm of Mercer Human Resource Consulting (hereafter called Mercer) conducted a requirements gathering effort and solution alternative analysis that has resulted in a recommended solution.

6.2 ALTERNATIVES ANALYSIS APPROACH

6.2.1 Requirements

The recommended solution is based on a comparison of the various alternatives with the high level requirements for the system needed to administer the new benefit plans. The requirement categories, used as a comparison tool, are in section 6.3 and a full list, including the detailed requirements and their priority, can be found in Appendix L.

6.2.2 Alternatives

The identification of alternatives was a result of researching products in the marketplace; assessment of the current BROS enrollment processes; and, information gathered from other organizations that are using similar technical solutions for their health plan management. The

BPDP/BHIP Steering Committee provided the team direction on the list of alternatives to evaluate. The four alternatives evaluated were:

1. Operate under the current paper-based business process (Retrofit*)

2. Leverage the county owned PeopleSoft suite of products (PeopleSoft)

3. Purchase an off-the-shelf product (Purchase)

4. Build a software solution (Build)

*Alternative 1, The Retrofit alternative incorporates changes to the current system to provide the bare minimum functionality needed to capture Wellness Assessment results and to move the application into an Oracle/PeopleTools environment that is supportable by PSSD. This solution is limited in scope to minimal investment in technology and continued dependency on paper employee enrollment and communications.

6.2.3   Rating

Because of the varying degrees of automation, the approach taken to rate the retrofit option and the vendor product options differed.

The project team did the rating for Alternative 1 Retrofit of Current Process by determining what would be needed in order to operate a tiered, Wellness Assessment eligibility under the paper-based process. A comparison to the project requirements (found in Section 6.3 of this report) served as a gap analysis to show which functions would not be provided with the retrofit that would be provided with a fully automated web based solution.

For Alternatives 2 and 3 (Leverage PeopleSoft and Off-the-shelf Purchase) the team performed an alternatives analysis and evaluation of open enrollment vendor products. A consultant, Mercer Human Resource Consulting (hereafter called Mercer), was retained to assist with the vendor analysis for the purchase of the off the shelf alternative. The initial requirements were created by the BHIP team and BROS and BPDP staff and provided to Mercer. Mercer published a Request for Information (RFI), requesting that benefits open enrollment vendors satisfying the requirements respond with descriptions of their company's products and services. The result of the assessment process for all three alternatives was a score for each solution, rating them across the consistent points of comparison.

Assessment of Alternative 4 (Build Solution) was not included in this level of assessment. This alternative will only be considered if none of the other three alternatives are acceptable. Alternative 4 was not included for the following reasons:

1. An in-house solution would be significantly more costly than a packaged solution because King County would bear the entire cost of design and development wherein a packaged environment the cost is shared across many customers; and

2. The risk is high of not delivering a quality system, within scope and budget, in time to meet the 2007 plan year given the magnitude of this project and dependency on King County resources to complete the entire system development lifecycle from design through implementation.

6.2.4 Comparisons

The approach taken to compare the alternatives was done in two steps. The first step covered functionality and business fit and the second step focused on cost (both one time development and ongoing support). The solution that fared the best across both assessments would be the option presented as the recommended solution. For the vendor product alternatives if they did not meet the bare minimum requirements in the first step of functional comparison it would not move forward as a viable candidate to the second step cost assessment. The "minimum requirements" were defined as meeting 90% of the Critical and 80% of the High priority requirements.

6.3 REQUIREMENTS

The requirements for the BHIP solution were developed in three stages. The first stage involved collecting business and technical requirements prepared by the BHIP and BPDP teams. The second stage involved development of a list of evaluation points in addition to the business and technical requirements for inclusion in the vendor product Request for Information (RFI) document. The third stage involved creating an additional set of evaluation criteria that was used to assess the vendors and their products during the interview/demonstration process.

Functional Requirements

Original Key System Feature Categories (these represent the organization of the requirements defined in the first stage; the detailed requirements are listed in Appendix L)

- Functionality
- Usability
- Security/Privacy
- Internal Controls
- Architecture
- Availability
- Connectivity

Additional Request For Information evaluation points (these are additional RFI vendor product evaluation criteria in the second stage)

- Key System Features

- System Enhancements
- Implementation Methodology
- On-going Support and Service Levels
- User Training and Documentation
- Portal Functionality

Interviews/Demonstration questions (these are vendor product evaluation criteria in the third stage)

- Company Overview
- Single sign-on
- Open Enrollment process
- Content manager and search feature
- Plan comparison and modeling wizard
- Cost Calculator
- User Experience
- Confidence in customer service capability
- Understanding of county's needs
- Response to questions
- Overall quality of the presentation

6.4 ALTERNATIVES ANALYSIS RESULTS

The alternatives assessment was conducted in November and December of 2004. The content of this section provides a summary of the results. The full definition of the alternatives analysis effort and results can be found in a separate document, the *BHIP Alternatives Analysis*. Content of the following sections consists primarily of excerpts from the alternatives document.

6.4.1 First Step - Functional/Business Fit Assessment

The three alternatives that were compared against the project requirements were:

- Retrofit of the current paper-based business process
- Leveraging the county owned PeopleSoft suite of products
- Purchase of an off-the-shelf vendor product

For Alternative 3, four vendors; BeneLogic, Chicago Consulting Actuaries, iEmployee, and PeopleSoft responded to the RFI. These vendors provided documentation explaining how their

products met each of the requirements. Mercer rated PeopleSoft and BeneLogic as viable contenders.

The following Functional Score table provides a comparison summary of the results of the functional assessment. The scores represent a weighted rating based on the priority assigned to each requirement.

Key Attributes	Retrofit Existing System	PeopleSoft	BeneLogic
Key System Features	41.00	90.00	65.50
Technical Requirements			
Functionality	71.00	132.00	125.00
Usability	30.50	86.00	75.00
Security/Privacy	78.00	78.00	66.00
Internal Controls	48.00	54.00	54.00
Architecture	25.00	44.00	47.00
Availability	6.00	17.00	16.00
Connectivity	16.00	21.00	21.00
Other/Miscellaneous	27.00	34.00	33.00
Vendor Demonstration (Business Scenarios)	397.50	459.75	520.20
Vendor Questionnaires			
Key System Features	21.00	70.00	57.00
System Enhancements	33.50	61.75	53.25
Implementation Methodology	37.50	60.00	37.50
On-going Support and Service Levels	26.00	50.00	30.50
User Training and Documentation	10.00	40.00	26.00
Total Average Score	868.00	1297.50	1226.95
Vendor Overall Ranking	3	1	2

Table 3: Functional Scores

The following **Requirements Pass / Fail Table** shows the percentage of Critical and High priority requirements that were met by each of the alternatives. A rating of 3, 4, or 5 on a scale of 1 to 5 was considered a 'Pass'.

	Critical Requirements (Passed)	Critical Requirements (Failed)	Percentage Of Critical Priority Passed	High Priority Requirements (Passed)	High Priority Requirements (Failed)	Percentage of High Priority Passed
Retrofit the paper-based business process	35	25	58%	3	30	9%
PeopleSoft HRMS applications	60	0	100%	33	0	100%
BeneLogic	56	4	93%	28	5	85%

Table 4: Requirements Pass / Fail Table

Conclusions

Alternative 1 – Retrofit of the current paper-based business process only met 58 % of the Critical priority requirements and 9% of the High priority requirements. These low ratings are a result of the paper-based retrofit solution being inferior to an automated process from the standpoint of accuracy, timeliness, security and flexibility for the following major functions:

- Enrollment

- Life change maintenance

- Customized employee communications

In order to bring the retrofit solution up to standard with the vendor solutions the retrofit would need to have an online enrollment management piece, rules based eligibility tools, and a web portal added on. A undertaking of this magnitude could be a $1-2 million project.

Alternative 2 – PeopleSoft, met 100% of the Critical priority requirements and 100% of the High priority requirements. This option met the critical acceptance criteria for functional performance for a vendor product and was selected to move on to the second step of assessment.

Alternative 3 – Purchased Package: BeneLogic, met 93% of the Critical priority requirements and 85% of the High priority requirements. This product was also well within the critical acceptance criteria for functional performance for a vendor product and was selected to move on to the second step of assessment. The BeneLogic solution carries with it a long-term risk, however. Even though the vendor was willing to support a purchased agreement with King County, it would be an exception to their normal business practice. Long-term support of this model is not a guarantee.

All Alternatives – None of the alternatives met the requirement for providing alternatives to online enrollment such as a phone-based enrollment option (Interactive Voice Response – IVR) for those employees who do not have access to a computer. The IVR option is being considered as an augment to online enrollment that will provide a feasible solution to improve the manual paper process. Appendix Q contains initial assessment notes for the IVR option. More analysis

is needed in this area before the best fit options for non-computer based enrollment are determined.

6.4.2 Second Step – Financial Assessment

Following the functional assessment the three alternatives were then compared on the basis of development and ongoing support costs. To define the development costs, a detailed plan was prepared for all options and the costs associated with the plan at a task and resource level were estimated. Ongoing support costs were estimated based on resource and contractual expenditures. Table 5 gives a side-by-side comparison of the Retrofit, PeopleSoft and the BeneLogic solutions for development and five years of operation.

	Retrofit Existing Process	Leverage Existing Technology (PeopleSoft)	Purchased Package
Phase 0 - Pre-Planning	187,385	187,385	187,385
Phase 1 - Planning	253,450	265,450	265,450
Phase 2 - Installation Requirements	797,631	1,114,137	1,925,906
Phase 3 - Open Enrollment Pilot	417,423	423,054	491,751
Phase 4 - New Benefit Plans	1,207,268	1,582,646	1,774,545
Phase 5 - Open Enrollment	1,429,680	545,257	593,905
Phase 6 - Project Closeout	161,225	276,425	276,425
Total Project With Contingency	4,454,062	4,394,354	5,515,366
2007 Ongoing Cost	953,183	227,988	675,101
2008 Ongoing Cost	880,428	125,000	700,317
2009 Ongoing Cost	1,649,782	125,000	745,264
2010 Ongoing Cost	946,452	125,000	756,075
2011 Ongoing Cost	982,531	125,000	786,899
Total Ongoing Costs	$5,412,377	$727,988	$3,663,656

Table 5 - Cost Comparison Between Retrofit, PeopleSoft and BeneLogic solutions

Assumptions made in preparing the cost estimates include:

- A 20% contingency has been added to the development costs for each of the three alternatives. Though the risks are different across the alternatives, they should all be able to be mitigated under the 20% contingency margin for budget impact.

- Because King County already owns and operates PeopleSoft component modules, there are potentially significant opportunities for the BHIP project and BROS to capitalize on shared Payroll Support and System Development (PSSD) resources, processes, experiences and infrastructure. Less additional FTE Staff, ITS support, and software licenses will be required to support PeopleSoft 8.9 over the purchased solution.

- Under the automated options, additional hardware will need to be purchased because the current PSSD hardware will be needed to support the PeopleSoft

version 8.9 upgrade. During development and implementation current production support staff will also need to be augmented since PSSD is operating at 100% staff utilization.

- The retrofit is a full replacement of all functions currently supported by EMBS.

- The retrofit alternative will require significant changes at the start of each new 3-year plan cycle to reflect new plan requirements.

Assumptions will continue to be revisited throughout the lifecycle of the project.

6.4.3   Costs by Project Function

The information in the chart below provides the breakout just the project costs for the three alternatives over the two-year project period.

	Retrofit Existing Process	Leverage Existing Technology (PeopleSoft)	Purchased Package
Breakdown of Project Costs By Function:			
Technical	1,390,311	1,960,412	2,462,034
Project Management Overhead	1,104,178	1,371,290	1,609,425
Operational Included in Project	960,900	172,527	387,155
Education / Communications	287,560	188,963	168,755
Total Project Without Contingency	3,742,949	3,693,192	4,627,369
Contingency	711,113	701,162	887,997
Total Project With Contingency	4,454,062	4,394,354	5,515,366

Table 6 – Costs by Function

The following pie charts give a proportionate view of the balance between project operational costs, education/communication costs, technical development costs, and project management costs as presented in Table 6 above.

Retrofit Existing Process

Education /
Communications
8%

Operational Included
in Project
26%

Technical
36%

Project Management
Overhead
30%

Leverage Existing Technology (PeopleSoft)

Education /
Communications
4%

Operational Included
in Project
5%

Project Management
Overhead
37%

Technical
53%

Purchased Package
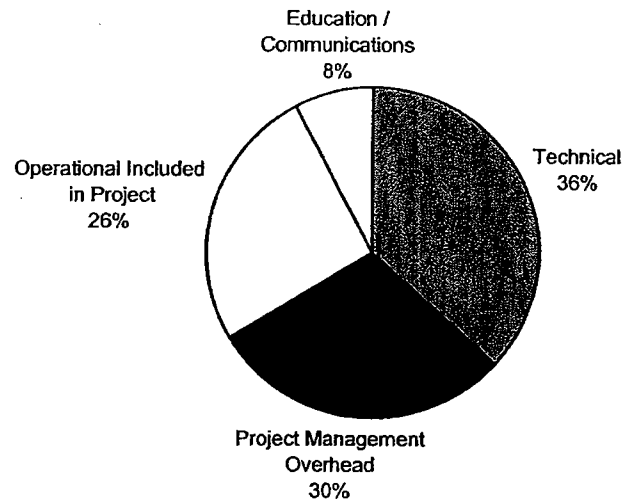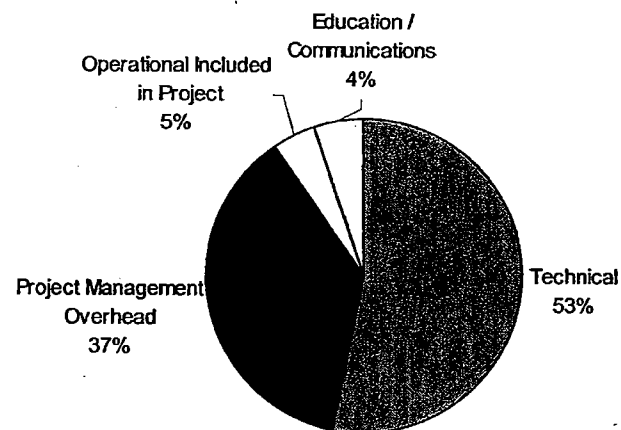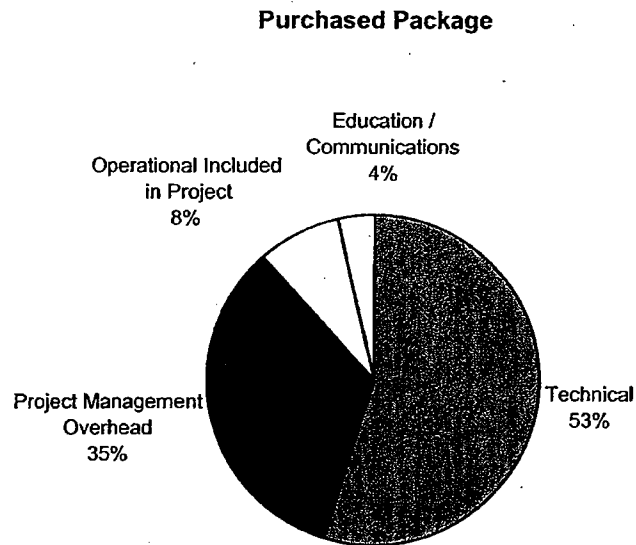
6.4.4 Cost Benefit and Cash Flow Analysis

The following is an overall cash flow analysis for the PeopleSoft vs. Retrofit, and PeopleSoft vs. BeneLogic solutions using the OIRM financial analysis model. This information provides a relative net present value between the options. This analysis clearly demonstrates that the PeopleSoft solution is more cost effective both in terms of overall project costs and on-going support.

Form 1/ Summary, Cost Benefit and Cash Flow Analysis   Project   **Benefit Health Information Project**

15-Mar-05
Suggested Format

Leveraging PeopleSoft With eBenefits versus Retrofit Existing

	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	TOTAL
OUTFLOWS - PEOPLESOFT	187,385	1,802,641	2,127,903	504,263	125,000	125,000	125,000	125,000	5,122,192
OUTFLOWS - RETROFIT	187,385	1,468,504	2,636,948	1,112,458	880,428	1,627,282	946,452	982,531	9,841,989
NET CASH FLOW	0	(334,137)	509,045	608,195	755,428	1,502,282	821,452	857,531	4,719,797
INCREMENTAL NPV	NA	(295,983)	128,411	605,641	1,163,531	2,207,717	2,745,094	3,273,075	
Cumulative Costs - PeopleSoft	187,385	1,990,026	4,117,929	4,622,192	4,747,192	4,872,192	4,997,192	5,122,192	
Cumulative Costs - Retrofit	187,385	1,655,889	4,292,837	5,405,295	6,285,724	7,913,005	8,859,457	9,841,989	

Cost of Capital	Breakeven Period - yrs Non-Discounted	Breakeven Period Discounted	NPV $	IRR %
5.625%	FY2006	FY2008	$3,273,075	176.55%

* - "Non-Discounted" represents breakeven period for cumulative costs and benefits (no consideration of time value of money).
* - "Discounted" considers effect of time value of money through incremental Net Present Value.

Key Assumptions:

Overriding Assumptions:

1) All costs shown are based on incremental costs only and do not include current operations except on Form 4, which includes the cost of retrofit for benefits operations activities.

2) All salaries are based on existing positions with similar bodies of work.

3) Computers are assumed to cost $2,000 each with an additional $1,000 for software based on recent purchases.

BHIP Scope:

6) Scope will include benefits enrollment activities throughout the year to include open enrollment, life event changes, flexible spending account enrollments, beneficiary updates, and interfacing with multiple healthcare and wellness vendors. Also includes web portal to facilitate employee self-service.

7) Scope will not include single sign-on to vendor websites, import/export of vendor HIPAA protected data, or decision modeling.

BHIP Administrative:

8) The total cost of the administrative effort of the BHIP project leveraging PeopleSoft is projected to be $1,631,633 including contingency.

BHIP Technical:

9) The total cost of technical effort of the BHIP project leveraging PeopleSoft is estimated to be $2,332,601.

BHIP Educational/Training:

10) The total cost of the educational/training effort of the BHIP project leveraging PeopleSoft is estimated to be $224,838.

BROS Operational:

11) The total cost of the additional operational effort of the BHIP project leveraging PeopleSoft is estimated to be $205,282.

BROS Ongoing Support:

12) Additional ongoing support will consist of ongoing ITS hardware support. Actual support requirements will be determined during transition to production.

13) The total cost of ongoing support resulting from BHIP is estimated to be $227,988 for 2007 with COLA increases estimated at 2.50%, salary step increases estimated at 2.50%, and total benefits costs increasing 10.00% per year.

14) The support cost for 2009 on the Retrofit solution assumes that a project team of six people will be hired to implement new functionality in a system that is not flexible.

Table 7a: Cash Flow Analysis Leveraging PeopleSoft eBenefits vs. Retrofit Solution (also found in Appendix M)

Form 1/ Summary, Cost Benefit and Cash Flow Analysis **Project** **Benefit Health Information Project**

01-Mar-05
Suggested Format

Leveraging PeopleSoft With eBenefits versus BeneLogic

	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	TOTAL
COSTS - BeneLogic	187,385	2,683,107	2,368,450	951,526	700,317	745,264	756,075	786,899	9,179,022
COSTS - PEOPLESOFT	187,385	1,802,641	2,127,908	504,263	125,000	125,000	125,000	125,000	5,122,192
NET SAVINGS VS PURCHASE	0	880,466	240,547	447,263	575,317	620,264	631,075	661,899	4,056,830
INCREMENTAL NPV	NA	779,928	980,473	1,331,425	1,756,301	2,187,426	2,600,263	3,007,793	
Cumulative Costs - Purchase Pkg	187,385	2,870,491	5,238,941	6,190,467	6,890,784	7,636,048	8,392,123	9,179,022	
Cumulative Costs - PeopleSoft	187,385	1,990,026	4,117,929	4,622,192	4,747,192	4,872,192	4,997,192	5,122,192	

Cost of Capital	Breakeven Period - Yrs *		NPV $**	IRR %***
	Non Discounted	Discounted		
6.25%	FY 2006	FY 2006	3,007,793	N/A

*- "Non-Discounted" represents breakeven period for cumulative costs and benefits (no consideration of time value of money).
*- "Discounted" considers effect of time value of money through incremental Net Present Value.
** - Internal Rate of Return (IRR) can only be determined if there is more cumulative money spent on PeopleSoft at any time during the project. Since this was not the case, no IRR can be calculated.

Key Assumptions:

Overriding Assumptions:

1) All costs shown are based on incremental costs only and do not include current operations except on Form 4, which includes the cost of benefits operations activities.
2) All salaries are based on existing positions with similar bodies of work.
3) Computers are assumed to cost $2,000 each with an additional $1,000 for software based on recent purchases.
4) PIP MSA cleanup and process improvement are successful and complete by December 2005.

BHIP Scope:

5) Scope will include benefits enrollment activities throughout the year to include open enrollment, life event changes, flexible spending account enrollments, beneficiary updates, and interfacing with multiple healthcare and wellness vendors. Also includes employee web portal to provide benefits information/education, as well as a platform for future healthcare initiatives.

6) Scope will not include single sign-on to vendor websites or county network applications, import/export of vendor HIPAA protected data, or decision support tools.

PeopleSoft Solution Breakdown of Costs (Total project cost of this solution: $4,394,354 including contingency):

7) The total cost of the project management overhead of the PeopleSoft solution is projected to be $1,631,633 including contingency or 37% of overall project costs.

8) The total cost of technical effort of the PeopleSoft solution is estimated to be $2,332,601 including contingency or 53% of overall project costs.

9) The total cost of the educational/training effort of the PeopleSoft solution is estimated to be $224,838 including contingency or 5% of overall project costs.

10) The total cost of the additional operational effort of the PeopleSoft solution is estimated to be $205,282 including contingency or 5% of overall project costs.

11) Additional ongoing support will consist of ongoing ITS hardware support. Actual support requirements will be determined during transition to production.

12) The total cost of ongoing support resulting from BHIP is estimated to be $227,988 for 2007 with COLA increases estimated at 2.50%, salary step increases estimated at 2.50%, and total benefits costs increasing 10.00% per year.

13) Assumes separate PeopleSoft 8.9 environment from current PeopleSoft 8.0 production environment to avoid dependencies and manage conflicts with the PeopleSoft upgrade to version 8.9 currently scheduled to be completed September 2006.

Purchase Package Differences in Cost (Total project cost of this solution: $5,515,366 including contingency):

14) The total cost for the additional software for the Purchase Package is $600,000 with a $118,750 ongoing maintenance cost beginning January 2006 based on the quote from BeneLogic (the only other acceptable alternative identified in the RFI) with a contingency totaling $251,559 for a total additional cost of $970,309 for 2006.

15) Percentage increases in Purchase Package solution ongoing costs for 2008 - 2011 are based on the same assumptions as the PeopleSoft solution.

Table 7b: Cash Flow Analysis Leveraging PeopleSoft eBenefits vs. Purchase Package (also found in Appendix M)

6.5   RECOMMENDATION

The PeopleSoft solution, integrated with a non-computer based enrollment option like an IVR interface is the recommended solution. This recommendation is based on the PeopleSoft/IVR solution's ability to best meet the business and technical requirements with the least amount of capital investment. In addition, the PeopleSoft solution is aligned with the strategic direction of King County's payroll process and provides synergies with other related financial systems. The following table describes the tangible benefits to the county related to implementing the PeopleSoft solution:

Category	Tangible Benefit

Financial	• Results in less annual cost to conduct open enrollment compared to the retrofit manual process;
	• No need to purchase new software or modules because King County already owns the required applications.
	• Reduction in cost related to eliminating reliance on current paper processing (estimated 80%). These resources can be redirected to other under resourced service areas and to support the new automated system.
	  o Printing
	  o Mailing large enrollment packets
	  o Data entry during open enrollment and mid-year changes
	  o Opening mail
	  o Logging forms
	  o Filing paperwork
	  o Preparing lost enrollment packets
	  o Future savings for space to store benefit and retirement records because records will now be stored online.

Category	Tangible Benefit
People	• Staff can cross train to take on new responsibilities in retirement and leave administration. This area is currently understaffed and utilizes short-term and term limited help for activities such as leave tracking, auditing, and verifications of employment for retirees; • Less labor intensive than a manual system, as data does not need to be written by the employee and then manually reviewed, logged and entered by administration staff. • Fewer errors as data is entered directly by employees with online front end edits, instead of using a multiple step process involving writing benefits changes on paper to be keyed at a later time. • King County has extensive technical, functional and database administrator resources that can be leveraged to support the online benefits system. • PeopleSoft is ADA Section 508 compliant. This is a federal government requirement to accommodate uses with disabilities.
System	• Provides a secure interface that allows employee access to their information and enrollment guides, specific to their particular plans, • Provides a secure portal capability, making personal information readily and easily available from home for health care decision making with spouse/domestic partner. • King County already uses PeopleSoft's Benefits Administration module. This module is closely tied to the open enrollment process. Using the same software for benefits administration and open enrollment greatly simplifies system architecture. • The PeopleSoft eBenefits module and employee web portal are part of the PeopleSoft suite of products. This makes integration to PeopleSoft HR, benefits administration, payroll, and time and labor and maintenance inherently direct by design since the same architecture and infrastructure is used for all systems. • Easily integrates with an IVR solution; •
Project	• BHIP development can start after the business case is approved, because King County already owns the PeopleSoft product. There is no need at the start of the project for hardware and software acquisitions, hence no RFP process. Eliminating the need for hardware/software purchase makes it feasible, given time and resources to meet the October 2005 enrollment pilot target date. A purchased hardware/software solution would pose a high risk of not meeting that target date. • The portal can be used countywide for other projects and applications outside of BHIP.

Table 8: Tangible Benefits of PeopleSoft Solution

The following table describes the intangible benefits to the county related to implementing the PeopleSoft solution:

Category	Intangible Benefit
Financial	• Long-term savings. This option provides significant opportunities for future use, beyond the functional requirements of the multi-tiered / health assessment based benefits cost reduction initiative under BHIP.
Support	• The new company composed of Oracle and PeopleSoft will be the second-largest software company in the world. Oracle and PeopleSoft have considerable experience and stability over the other vendors considered.
People	• Online accessible information will be available to employees for making benefit decisions, resulting in better decisions. • BROS staff will have more time to provide assistance and support to employees; • BROS staff can spend time developing content the web site; • BROS staff can provide better support in leave administration; • BROS staff can develop performance measurements and workload indicators; • BROS staff can streamline and simplify the business processes; • BROS staff can better maintain administrative procedures. • Cumbersome filing systems will be replaced by on-line easy to access information
System	• Fits into King County's strategy to consolidate its multiple HR systems into a single PeopleSoft system. • Implements an automated system tha can be easily modified to respond to future changes in business rules. • The need for data migrations between PeopleSoft and an open enrollment database will be eliminated. • Provides a scalable system that can support changes and growth in the benefits plan positioning BROS enrollment processes to efficiently support the new benefit plan and future plans.

Category	Intangible Benefit
Project	• There are significant future broad service delivery improvements for Human Resources with the implementation of the PeopleSoft Community Portal. The following identifies some of the future improvements to the county with use of the portal: o Personalized compensation statements ('My Total') o Personalized wealth information i.e., deferred comp deductions ('My Wealth') o Personalized employment history o Generalized rules based knowledge system o Rules regarding sick leave by union contract/personnel guidelines o Rules regarding family leave by union contract/personnel guidelines o Personalized rules based knowledge system o Am I eligible for executive leave o Am I eligible for family medical leave o Is this medication covered by my health plan o Operational knowledge system for BROS and employees o How do I file an appeal for a prescription o What is the procedure for a prior authorization on a prescription o How so I apply for family medical leave o Cross reference from a rule in personnel guidelines with a county ordinance o Self service – address change, phone number, etc.

Table 9: Intangible Benefits of PeopleSoft Solution

7 PROJECT PROPOSED FUNDING

7.1 FUNDING SOURCES

The funding for the BHIP project to date is provided as follows:

- The source for funding of BHIP is the **Benefit Internal Service Fund (BISF).** This fund is managed by HRD with approval of fund activity given by the Project Steering Committee, Project Review Board (PRB) and the King County Council. The capital project number for this project is #377143;

- BHIP requested estimated project funding of $7.1 million in the 2005 Budget. On November 22, 2004, the King County Council reviewed and approved the requested expenditure authority for 2005 of $3.5 million with a proviso specifying that expenditures will not exceed $900,000 until the Business Case is approved

by the Project Review Board (PRB, an element of the County's technology
governance structure) and the County Council;

The $4.4 million needed to implement the proposed PeopleSoft solution is significantly less that
the originally predicted budget of $7.1 million. This decrease reflects a negotiated change in
scope to the benefit plan design to remove decision support tools and a single source of sign on.
If the King County Council approves this business case and the recommendation for
implementing the PeopleSoft solution, then the BHIP budget can be reduced to reflect the
decrease in projected costs.

The PRB will monitor impacts to the business case throughout the project and will release funds
in phases based on satisfactory progress of the project.

- In addition to the 2005 budget request for $7.1 million for project activities
  starting in 2005, BROS requested $0.244 million to allow the project team to start
  with pre-planning activities in 2004. The funds were released for expenditure by
  the project Steering Committee upon request on October 10, 2004, and approved
  by the PRB in December. This funding is also being provided by BISF but is
  being tracked under a separate operating project number, #420084; and

- The source for ongoing BROS operation expenses after the BHIP project is
  completed will be the **Finance Internal Service Fund (FISF)** that is a fund
  managed internally by FBOD and approved as part of the annual budget process.

7.2   RECUPERATION OF FUND EXPENDITURES

- The project costs from the Benefits Internal Service Fund for the BHIP project
  will be recouped over a three year period (2007 – 2009) through the Benefits Flex
  Rate allocation; and

- The annual BHIP operational expenses incurred by the Finance Internal Service
  Fund will be recouped each year over the same three-year period (2007 – 2009)
  through the Finance internal service fund rate model.

8   PROJECT PLAN AND APPROACH

BHIP will follow a standard project methodology to manage time, cost and scope according to
industry best practices.

Planning for the delivery of the PeopleSoft solution needs to take the following factors into
consideration.

Internal Factors

- There is a dependency on negotiations for timely resolution of the benefit plan
  designs. Delays and last minute major plan changes will be costly (the current
  forecast is that BHIP will have an approximate $254,367 monthly burn rate

during the development and implementation phase). Contingency plans will be developed for mitigating the impact of delays. The plans will include multiple scenarios and mitigations for each scenario and will be developed in the next phase of the project;

- There is a dependency on BPDP to provide timely program/policy requirements;

- Synchronization between the PIP and BHIP team during the data conversion period in MSA is essential to develop the interface between MSA and PeopleSoft. PIP has completed the MSA data dictionary that BHIP will use in defining the data fields for the MSA interface;

- Coordination between the PeopleSoft development team and BHIP is critical during the upgrade from PS v8.0 to v8.9. The preliminary plan is for BHIP to provide resources that will be shared during the upgrade. The specific timeline and impacts to the Payroll Systems Support and Development (PSSD) team related to the transitioning of the BHIP products to the production environment will be identified and coordinated with PSSD;

- Planning for the ABT effort is underway and there will need to be an understanding and coordination of how this effort may impact the development effort of BHIP;

- Funding approval must be timely to keep the project moving without downtime; and

- Senior leadership manages issues that accompany a high visibility project such as BHIP.

BROS External Factors

- There is a dependency on timely Wellness Assessment vendor selection;

- Vendors must be held responsible for delivering the service level contracted for; and

- Vendors must provide appropriate documentation of their internal operational procedures and provide appropriate and comprehensive training for BROS staff for a smooth implementation of their services.

8.1 APPROACH

The BHIP project team is taking a pilot approach to implement the PeopleSoft eBenefits module. A pilot of the new open enrollment tools is proposed for the open enrollment period in October 2005. This will be a test pilot that will be run in parallel with the current open enrollment process. A 'Go/No-Go' decision is required by June 15, 2005, in order to conduct the pilot. This will allow the project team to experience and test:

- Configuration and implementation of the PeopleSoft HR Community Portal.

- Implementation of the eBenefits (open enrollment) user interface.

- Secure sign-on by employees on the Internet (outside the King County firewall).

- Inbound interface both from PeopleSoft and MSA production databases into the BHIP database (PeopleSoft 8.9) for employee HR and benefits data.

- Verification/validation of PeopleSoft and MSA data

- Completeness of the training plan.

- Communication and training for employees participating in the pilot.

- Ease of use of the enrollment tool.

The scope may be expanded to include the following items for the pilot if time and resources permit:

- Implementation of Interactive Voice Response application.

- Implementation of interface to/from the Interactive Voice Response database from the BHIP database.

- Conversion of data from EBMS for dependents and beneficiaries.

Prior to January 2006, an interface must be created from the BHIP database to provide an ongoing list of employees, retirees, COBRA recipients and their families to the Wellness Assessment Vendor.

Based on the information learned from this pilot, the BHIP team will complete the implementation of the enrollment tools and required interfaces for the October 2006 enrollment for all employees. Further details are available in the project plan.

Implementation of the new benefit program involves preparation for the 2007 plan year enrollment in October 2006, including interfaces to the carriers and the payroll systems, and communications and training for the employees. The scope of the implementation includes:

- Refinements to any of the deliverables provided for the pilot including software customizations, communications, and training;

- Implementation of any of the optional items not included in the scope of the pilot;

- Implementation of all rules related to eligibility, appeals, and changes as reflected in the new health plans;

- Outbound interface from the BHIP database into the PeopleSoft production database;

- Outbound interface from the BHIP database into MSA production database;

- Implementation of the interface to/from the COBRA vendor database with the BHIP database; and

- Implementation of the interface from the Wellness Assessment Vendor into the BHIP database.

8.2   WORK PLAN

The project will consist of the following phases:

Phase I - Project Definition (September 2004 through March 2005)

Phase II – Analysis

- Online Enrollment Pilot (September 2004 through May 2005)

- Full Solution (January 2006 through March 2006)

Phase III – Design

- Online Enrollment Pilot (April 2005 through June 2005)

- Full Solution (February 2006 through April 2006)

Phase IV – Development

- Online Enrollment Pilot (May 2005 through September 2005)

- Full Solution (April 2006 through September 2006)

Phase V – Implementation

- Online Enrollment Pilot (October 2005 through December 2005)

- Full Solution (October 2006 through December 2006);

Phase VI – Post Implementation Review

- Online Enrollment Pilot (November 2005 through December 2005)

- Full Solution (November 2006 through December 2006); and

Phase VII – Close Out (January through March 2007).

8.3   DELIVERABLES

The above phases in the system development lifecycle (SDLC) will produce the project management deliverables listed below. Those items marked with a check mark (√) have been completed.

Phase I - Project Definition

√ **Project Charter**
√ **Open Enrollment Tools RFI report through Mercer Human Resource Consultants**
√ **Alternatives Analysis document**
• Technical Assessment document (first draft completed)
√ **Business Case**
√ **Project Plan**
√ **Project Plan Summary**
• RFP - IVR

Online Enrollment Pilot - SDLC

Phase IIa – Analysis - Online Enrollment Pilot
• PeopleSoft 8.9 and portal installed, tested, and configured
• Fit Gap Analysis (Open Enrollment)
• High level requirements document
• Technical architecture document
• Integration/interface document
• Communications plan
• Training specifics/plan
• Detailed, resource-loaded project schedule

Phase IIIa – Design - Online Enrollment Pilot
• Functional specifications
• Design specifications
• IVR RFP Evaluation and vendor selection
• IVR Vendor Contract
• IVR Business Rules
• Technical Support Plan
• Test Plan
• Training Plan
• BROS Operations Plan

Phase IVa – Development – Online Enrollment Pilot
• User Guide
• Training Materials
• PeopleSoft eBenefits (open enrollment module)
• PeopleSoft HR Portal
• System Test
• Interface Test
• Service Level Agreement (SLA) between BHIP and PSSD
• Readiness review

Phase Va – Implementation – Online Enrollment Pilot
- Training for users
- Pilot for open enrollment

Phase VIa – Post Implementation Review – Online Enrollment Pilot
- Post Implementation Review
- Issues identified and plan developed for addressing

Full Open Enrollment SDLC

Phase IIb – Analysis - Full Solution
- Requirements document (refined)
- Integration/interface document (refined)
- Communications plan (refined)
- Training specifics/plan (refined)

Phase IIIb – Design - Full Solution
- Functional specifications
- Design specifications
- Test Plan
- Training Plan
- Technical Support Plan

Phase IVb – Development - Full Solution
- User Guide (refined)
- Training Materials (refined)
- Interfaces to PeopleSoft and MSA Payroll
- Carrier Interfaces
- Wellness Assessment Vendor Interface
- COBRA System Interface
- IVR System
- System Test
- Interface Test
- Service Level Agreements (SLAs)
  - BHIP & PSSD
  - King County & Vendors and Carriers
- Readiness review
- Plan for full King County enrollment
- Production support document
- Staff training in preparation for implementing new benefit plans

Phase Vb – Implementation - Full Solution
- Training for users

- Transition to production
- Completion of 2007 benefit enrollment

Phase VIb – Post Implementation Review - Full Solution
- Post Implementation Review
- Issues identified and plan developed for addressing

Phase VII – Close Out
- Final project review
- Project documentation
- Completion of administrative procedures
- Archival of project documentation.
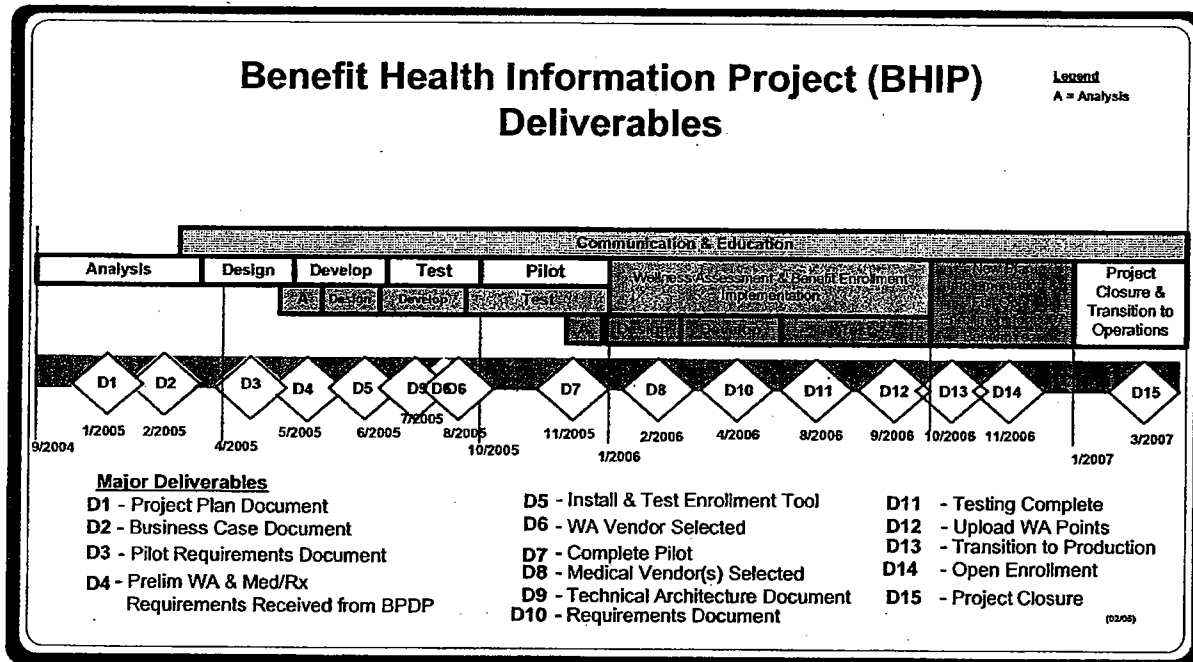
Figure 9: Deliverables Timeline (also found in Appendix N)

8.4 ROLES AND RESPONSIBILITIES

These are the roles and responsibilities for the Benefit Health Information Project (BHIP).

ROLE	RESPONSIBILITY	REPORTS TO
Executive Sponsor – Ron Sims	• Establish policy for the KCHRI • Represent King County on the Puget Sound Health Alliance	The Voters
Program Sponsor – Paul Tanaka	• Provide oversight to the two sub-projects (BHIP and BPDP) • Chair the Steering Committee • Represent the projects' stakeholders in the county	Ron Sims
Program Director – Karleen Sakumoto	• Provide oversight, direction and review of project scope, schedule and budget of BHIP and BPDP. • Ensure coordination with related initiatives. • Ensure timely delivery of decisions and information from BPDP.	Paul Tanaka
Benefit Health Information Project Project Leader – Cindy Lee	• Ensure that all aspects of the BHIP responsibilities are operating on time, in scope and on budget • Communicate changes to BROS staff and ensure they are participating on the project and ready for the timely implementation of the new plans • Oversee the BHIP team and remove obstacles that prevent their progress. • Ensure that all documentation and rollups to the Program Director occur timely • Ensure that county employees are properly trained on the use of the new enrollment system and any other technical tools that are implemented for their use • Present status reports as requested to the various steering committees	Karleen Sakumoto (Program Director)
BHIP Project Manager – Gary Tripp	• Responsible to manage the sub-projects for BHIP (online enrollment, portal, open enrollment, implement new plan designs • Prepare rollup information for the overall project • Track project progress using accepted standards and tools • Prepare information and presentation materials for sub-project steering committee, PRB, stakeholder committee and any other group as requested and/or appropriate • Prepare all requisite project documentation • Schedule and staff all meetings • Track issues and decisions • Prepare status reports • Ensure that the appropriate participation from stakeholders is represented on the project • Conduct readiness reviews • Obtain sign-offs on readiness	Project Leader

ROLE	RESPONSIBILITY	REPORTS TO
BHIP Technical Lead – Bill Neuhardt	• Assessment of county's existing technology • Assessment of county's existing systems • Assist Project Manager with technical management of the project • Provide solutions that leverage existing technology in the county to save costs • Manage the technical staff • Develop architecture for new system • Ensure development follows acceptable standards • Ensures that development is on schedule • Ensure acceptable testing disciplines are followed • Oversee unit, modular, acceptance and stress tests • Participate in readiness reviews • Obtain technical sign offs on system readiness	Project Manager
BHIP Developers - DBA - PS Developer - Web Developer	• Responsible for all technical development • Responsible for unit testing • Responsible for ensuring the architecture is the most workable for our environment	Technical Lead
BHIP Project Assistant – Sonja Rowland	• Provide administrative support to project team, manager and technical lead • Perform support duties such as scheduling, coordinating and expediting project activities • Develop presentation materials in support of the Project Manager and Technical Lead • Document test scenarios, scripts and results • Liaison for Project Manager and Stakeholders	Project Manager
BHIP Technical Writer	• Prepare documentation for the technical changes in the existing architecture and systems • Prepare documentation from the test scripts	Project Assistant
BHIP Trainer (Educator Consultant)	• Responsible for development and implementation of training plans • Responsible to train every employee on the use of the electronic online enrollment system and/or IVR	BHIP Business Analyst Lead
BHIP Communications Specialist	• Responsible to coordinate with HRD project communicators to ensure there is no overlap of duties. • Develop and implement BHIP communication plans	BHIP Business Analyst Lead
BHIP Business Analyst Lead – Cindy C-Wilson	• Identify business process and appropriate changes in the Benefit Operations area • Identify business requirements for new system • Identify reporting requirements for new system	Project Manager
BHIP HR Analyst	• Provide support for setups • Provide support to operations team during system implementation and enrollment • Develop new business procedures where applicable • Assist with testing and 2005 pilot	BHIP Business Analyst Lead

ROLE	RESPONSIBILITY	REPORTS TO
BHIP Functional Analyst	• Identify configuration changes in existing systems • Assist with testing existing system modifications	BHIP Business Analyst Lead
BHIP HR Associates	• Provide support for open enrollment • Provide support to operations team system implementation and enrollment	BHIP Business Analyst Lead
Existing BROS Staff	• Participate on the project • Attend training sessions • Provide subject matter expertise as needed • Assist in testing • Prepare for online enrollment	Project Leader

Table 10: Project Team Roles & Responsibilities

8.5 MILESTONES AND DECISION POINTS

Based on the current plan, the following are the key milestones and decision points for the program:

Milestone	Decision	Decision Maker	Target
M1 - Business Case Approval	Business Plan Approval releasing project funds	Council	May 2005
M2 – Wellness Assessment Vendor Selected - Requirements Confirmed	Wellness Assessment Vendor Selected	BPDP	August 2005
M3 - Complete Pilot	Full business and technical acceptance of the Pilot system	BHIP, BROS	December 2005
M4 -Medical/Dental Vendor Selected - Requirements Confirmed	Medical/Dental Vendor Selected	BPDP	February 2006
M5 - Testing Complete	Full business and technical acceptance of the system for Go-Live	BHIP, BROS, PSSD, ITS	August 2006
M6 - Sign off on New System	System Ready for Go-Live	BHIP, BROS, PSSD, ITS	August 2006
M7 - Open Enrollment	Open Enrollment Completed	BHIP, BROS	November 2006
M8 - Project Closure	Project Completed	BHIP	March 2007

Table 11: Milestones & Decision Points
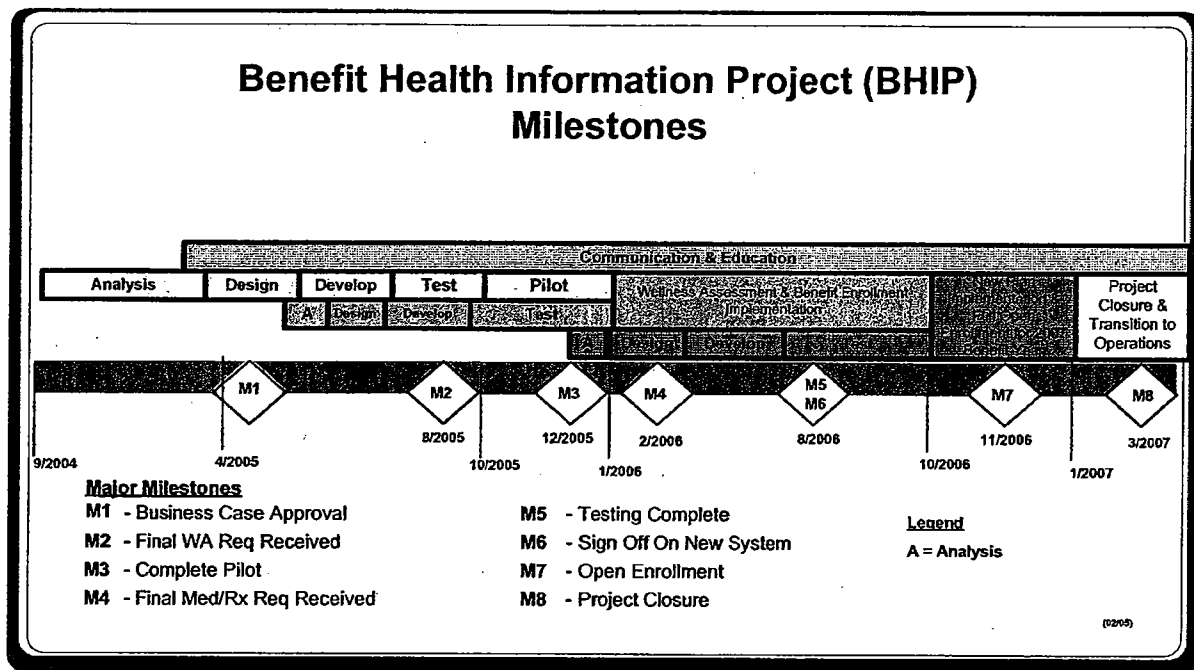
Figure 10: Major Milestones (also found in Appendix O)

In addition to these milestones, the PRB reviews for approval and funding releases are listed in Figure 11.

8.6 PROJECT REVIEW BOARD (PRB) REVIEW /APPROVAL

The project will periodically report to the PRB throughout the project life cycle. The project will be reviewed by the PRB as follows:

- PRB Review I - Project Planning Review - December 2004 (complete)

- PRB Review II -Development Review - March 2005 (in progress)

- PRB Review III -Implementation Planning Review - July 2005

- PRB Review IV - Production Readiness & Measurement Plan Review - August 2006

- PRB Review V - Value Measurement Review - October 2007
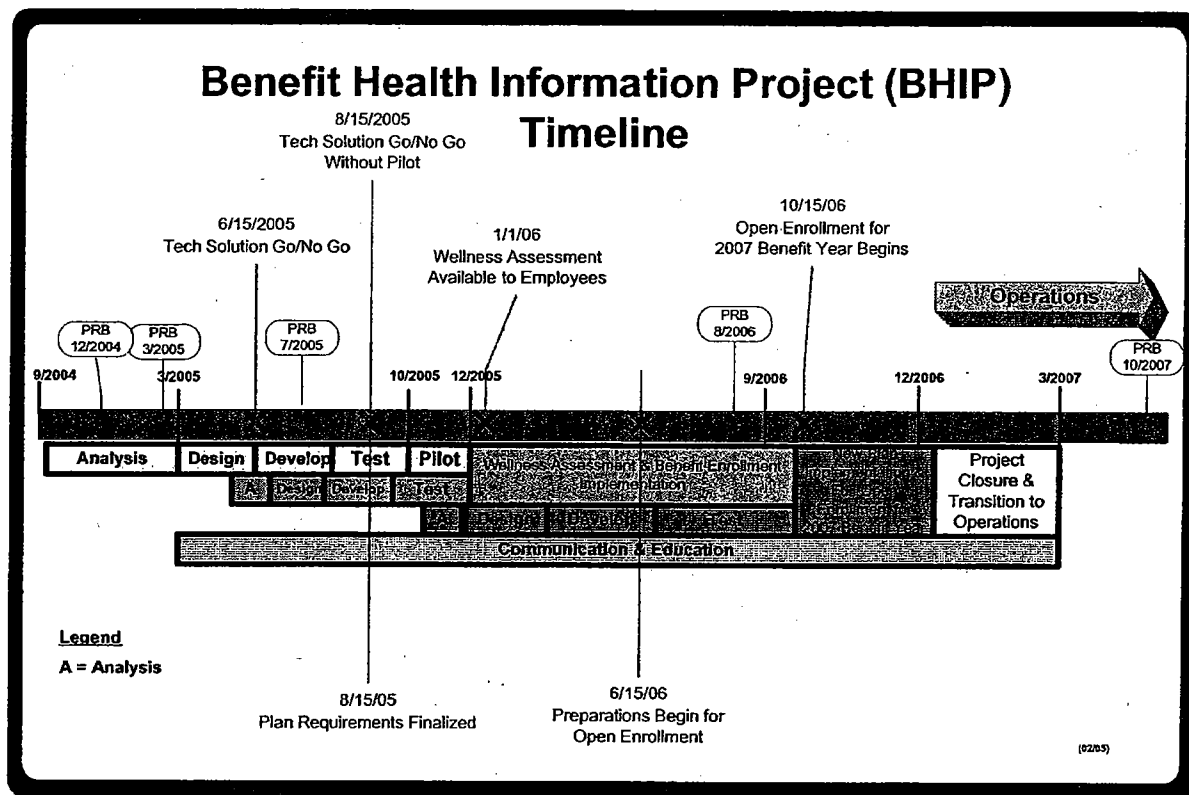
Figure 11: Phased PRB Reviews (also found in Appendix G)

8.7 CRITERIA FOR PROJECT SUCCESS

When BHIP is complete, the project expects to achieve the following performance targets:

- Project implemented on schedule.

- Project implemented within budget.

- User acceptance test completed and signed off with no critical or major errors open.

- Operational test completed and signed off with no critical or major errors open.

8.8 PROJECT STAKEHOLDERS

Though not formally identified as part of the governance structure of BHIP, there are specific organizations with specific interests in this project. These stakeholder organizations, or individuals who generally represent stakeholder organizations within the context of this program, are as follows:

- Department of Executive Services
- Application Development and Support Services Manager
- King County Council
- Joint Labor Management Insurance Committee (JLMIC)
- Labor Unions Representing King County Employees
- Chief Information Officer
- Benefit and Retirement Operations Section
- Benefit Plan Development Project Team
- Benefits-eligible employees of King County, COBRA and retiree benefit plan participants and their family members
- Budget Office

8.9 OVERSIGHT AND GOVERNANCE

As evidenced by the expansive list of stakeholders provided in Section 8.8 above, the BHIP project has a complex hierarchy of relationships to manage. With an eye on quality assurance, there are several key positions and organizations that are chartered to provide governance over the BHIP project. Following is a list of these entities. It is expected that the definition, involvement and membership of the committees listed will vary throughout the lifecycle of the project as determined by the need for direction, involvement and approval.

Key Positions

- Executive Sponsor of KCHRI is County Executive, Ron Sims;

- Program Sponsor is the Chief Administrative Officer, Paul Tanaka;

- Program Director, Karleen Sakumoto, reports to the CAO and provides oversight and consolidated reporting for all KCHRI subprojects;

- BHIP Project Leader is Cindy Lee, Manager of Benefits and Retirement Operations – will provide direct oversight of BHIP and the Project Manager;

- BHIP Project Manager is Gary Tripp, BHIP project - will provide day to day planning and supervision of the project

- BPDP Project Leader is Kerry Schaefer, Human Resources Division;

- BPDP Project Manager is Linda Sanders, Human Resources Division;

- BPDP Project Team – reports to the BHIP/BPDP Steering Committee;

- Project Review Board (PRB) – chaired by the Chief Information Officer and includes the Budget Director, the Assistant County Executive, and the Director of the Department of Executive Services. The Project Review Board convenes monthly and as needed to review information regarding technology projects' progress and to approve the release of funding so that projects can continue to

completion. All new and in-progress information technology projects are asked to participate in periodic Project Review Board oversight meetings at key phases of the projects and are responsible for providing regular monthly monitoring reports;

- <u>Policy Oversight Committee</u> – reports to the Executive Sponsor and is responsible for all policy decisions related to the KCHRI project; and

- <u>BHIP/BDPD Steering Committee</u> - reports to the program sponsor and provides necessary oversight and guidance to the project team and is responsible for business decisions.

The BHIP team will work closely with all of the above, and in addition they will work with representatives from the following organizations as needed:

- Human Resources Division (HRD);

- Information & Telecommunications Services (ITS);

- PIP Project Management Team;

- ABT Project Management Team;

- PeopleSoft v8.9 Upgrade Project Management Team;

- Benefits & Retirement Operations Section (BROS); and

- Payroll Support & System Development (PSSD).

8.10 ORGANIZATIONAL STRUCTURE

An organizational chart can be found in Appendix D.

8.11 PROJECT MANAGEMENT

The following information describes how several critical project processes will be managed throughout each phase of the project:

Time and Cost Management: Time charged against the project will be reported into PeopleSoft. The project will provide monthly reports on the actual project costs. MS Project will be used to record actual time and costs for comparison and tracking against the budgeted times and costs.

Quality Management – Quality of project documentation will be controlled through reviews by the project team and the customers. Product testing will consist of unit testing by the developers, followed by system testing by the functional team, and acceptance testing by the customers. An

outside consultant will be used for independent quality assurance reviews. Automated testing software may be used for stress testing of the system. A bug-tracking database will be used to track software defects. Defects will be rated by severity and priority. Weekly statistics will be provided, charting the number of new and open bugs by severity level so the stabilization rate of the product can be determined through the testing stage of the project.

Change Management – All project related changes (such as cost, scope, service, or business processes) requests will be entered into the change request and defect-tracking database to track, set the priority and monitor software change requests. Weekly meetings will be held by the project team to discuss the status and scheduling of change requests. Changes will be governed by the steering committee.

Scope Management – A scope document and tracking log will be initiated and tracked throughout the lifecycle of the project. Scope changes will be escalated to the Steering Committee for review and approval.

Issue and Action Item Management – Project issues will be documented in a log, and will describe the issue, the resolution, the assignee and the date that the resolution is required. This log will serve as the communication vehicle on the status of all issues. The project team will review and update the log weekly and communicate any issues that may lead to obstacles to success to the steering committee.

Communications Management – A communications plan will be developed on the process by which stakeholders will be apprised of the project status and issues. A communication plan will also be developed for educating the departments, divisions, and end users on the new products delivered by this project. A stakeholder committee will be created to assist in the communications to the employees and their families. Program reporting will be defined when the program charter is developed. However, at the very least the Project Team will initially report the following information monthly to the BHIP Steering Committee:

- Status and progress against known milestones
- Budget and spending rates
- Issues and scope change requests

Decision Management – Decisions will be tracked in a document to record what decisions were made, what alternatives were considered, why the decisions were made, who made the decisions, and who was informed of the decisions.

Risk Management – The project team will review the project risks on a weekly basis, and perform a risk assessment. This assessment will look at regulatory risks, technological risks and people risks. The probability of each risk will be identified, along with the risk's potential impact to the project and possible mitigating strategies. Risks will be removed when they no longer pose a risk to the project. The steering committee will be informed of the risks, and the status of the risks to the project.

8.12 PROJECT RISKS

BHIP is a large effort that will cost several million dollars over two years. As with any technology project of this scope and magnitude, there are risks associated with the project.

The following table lists Project Risks identified to date and mitigation strategies. Priority, severity, ownership and date for risk resolution will be detailed and managed as the project is executed:

#	Risk Description	Mitigation Strategy	Date Risk Must be Mitigated
1	Delay in identifying new components of benefit program and plans (these components will be determined through coalition bargaining with the unions.) BHIP may not receive requirements for additional components with adequate time to ensure successful implementation.	Develop a comprehensive project plan that defines the date plan designs must be completed and monitor against the plan; ensure clear identification of critical path between this project and elements of the Labor-Management Collaboration. Communicate clearly that delays in finalizing the plans has a cost associated and potential delays in implementation. Notify all parties of missed deadlines. In order to have flexibility in the budget to account for refinements in benefit plans provide a contingency of 20%.	Plan structure must be finalized by August 2005
2	Lack of experienced and qualified resources available in the market place to implement the new technology.	Use consulting support until qualified resources can be hired.	June 30, 2005
3	Training of end user community for online system is delayed or difficult to achieve.	Develop a system that supports both an online and phone (IVR) enrollment in the event that training is slower than anticipated. Also, online system will be enhanced with easy to use tutorials and designed to be intuitive and user friendly. Training will be piloted to determine effectiveness.	Date training plan is completed and signed off by stakeholders in October 2005. Training is to begin in September 2006. Pilot will be evaluated by January 2006
4	Ambitious project in a defined time frame.	Develop a process to clearly define and track scope in order to prevent scope creep and time delays.	August 2005 Final requirements are due from BPDP

#	Risk Description	Mitigation Strategy	Date Risk Must be Mitigated
5	MSA fields to be transferred to PeopleSoft may be incorrect, inconsistent or blank. MSA provides little or no error checking for data entry.	Incorporate a component in the project plan to map data needed for conversion and develop a business process to ensure the data is reviewed for integrity during conversion and maintenance. The Payroll Initiative Program (PIP) has completed a Data Dictionary that will be used to ensure data meets BHIP needs	December 2005
6	Schedule delays due to unexpected loss of personnel.	Develop a contingency plan in the event that key personnel are lost by creating adequate documentation and team cross training so that all work can be picked up in the event of an unexpected departure.	September 2006
7	PeopleSoft 8.0 is currently used in production. PSSD has not yet decided when they will upgrade to PeopleSoft 8.9. PSSD may not be at PeopleSoft 8.9 in time for the 2006 open enrollment.	Use separate PeopleSoft environment for BHIP. Consolidate the two systems when the production environment is upgraded to PeopleSoft 8.9. This strategy was successfully used during the upgrade from PeopleSoft 7.02 to 8.0 by the PERS 3 project. May need to develop interfaces from BHIP to PeopleSoft 8.0 and PeopleSoft 8.9 depending on PSSD's upgrade schedule.	March 2006
8	Employees may not use the online system.	Run pilot of online system. Survey employees to determine tutorials and web sites that are acceptable and preferred.	December 2005
9	The project is not approved to implement the recommended PeopleSoft solution.	Drop the pilot. BROS will need to start the retrofit of its existing systems and business processes.	June 2005 August 2005
10	PeopleSoft 8.9 is a new software release, and may have bugs that will impact BHIP.	Risks of bugs in new releases are inherent. PeopleSoft 8.9 is a release of all bugs and patches brought current. It is anticipated that PeopleSoft 8.9 will be a stable release. A demo database of PeopleSoft 8.9 has been set up and examined. No bugs have been found to date.	July 2005
11	The number of employees not able to enroll online may exceed 20%.	A survey will be conducted to determine online utilization. If the number of employees requiring paper processing will cause an impact on BROS operations then a contingency budget will be set up to cover staff augmentation.	August 2006

#	Risk Description	Mitigation Strategy	Date Risk Must be Mitigated
12	Major KCHRI project dependencies are not in scope of BHIP.	Management oversight of the coordination between BHIP and BPDP is the responsibility of the Program Director. BPDP is responsible for timely contracting with the Wellness Assessment vendor, definition of business rules and quality of data in order for BHIP to meet its schedule for design, development and testing. A work breakdown structure process with all sub-projects of KCHRI will assist the Program Director with the coordination effort.	July 2005
13	Wellness Assessment handled by third party vendor causing confusion to employees about who to contact for assistance.	Training & communications as well as contractual agreements with the Wellness Assessment vendor will define the appeals process.	January 2006

Table 12: Identified Risks

9 CONCLUSION AND REQUIRED ACTIONS

BHIP is chartered to provide an infrastructure that will support the new benefit plans scheduled for implementation in January 2007 and will provide BROS the ability to continue to make business process improvements in the future as new plans evolve. It is known today that it will be difficult, if not impossible, to administer the new plans in the current paper environment, even under a retrofit. It is critical that a new operational solution be put into place that will take full advantage of automation and available technologies in order to enable BROS to be responsive to the changes needed to ensure success of the overall King County Health Reform Initiative.

9.1 APPROVAL REQUIREMENTS

In order to proceed the following approvals need to be obtained:

- The PRB needs to approve the business case and a funding release in March, 2005;

- The King County Council needs to approve the business case for funding release in May, 2005;

- PRB must approve response to the CIO direction and conditions attached to the 2005 Budget Review of the project in July 2005.

APPENDIX A: HIGHLIGHTS OF ALTERNATIVES ANALYSIS

Evaluation Points	Retrofit	PeopleSoft	BeneLogic
Functionality % Critical Priority Requirements % High Priority Requirements	(3rd) 58% 9%	(1st) 100% 100%	(2nd) 93% 85%
Development Cost	$4.4 mil*	$4.4 mil*	$5.5 mil*
Annual Ongoing Cost	$0.9 mil	$0.2 mil	$0.7 mil

*20% Contingency

APPENDIX B – GRAPH DEPICTING COST OF EACH ALTERNATIVE OVER TIME

Benefits Health Information Project Alternatives Analysis

Legend:
- Retrofit Existing Process
- Leverage Existing PeopleSoft Technology
- Purchase 3rd Party Package (BeneLogic)

Y-axis: Cumulative Cost

$12,000,000
$10,000,000
$8,000,000
$6,000,000
$4,000,000
$2,000,000
$0

X-axis: Year — 2004, 2005, 2006, 2007, 2008, 2009, 2010, 2011
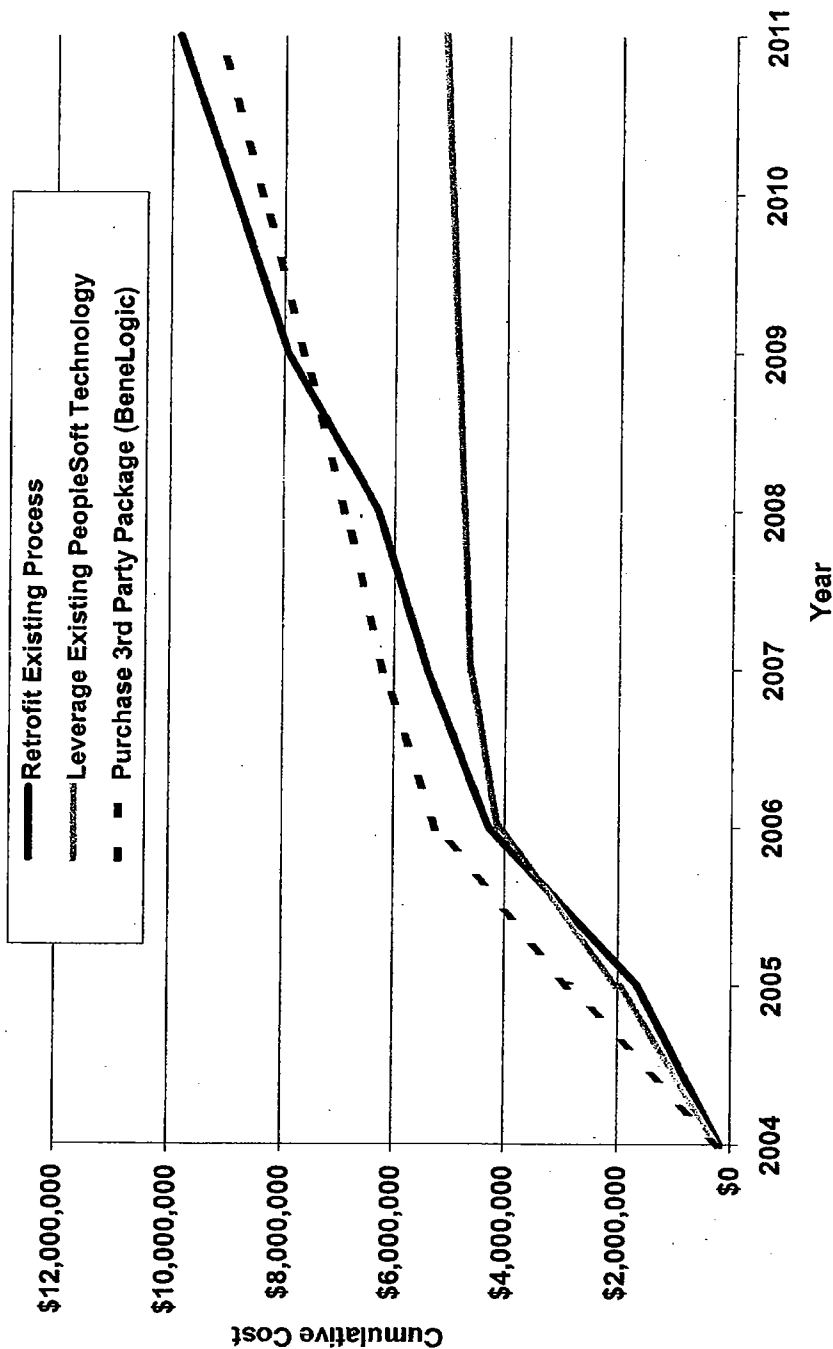
APPENDIX C – BPDP TIMELINE WITH BHIP MILESTONES DEPENDENT UPON BPDP DELIVERABLES
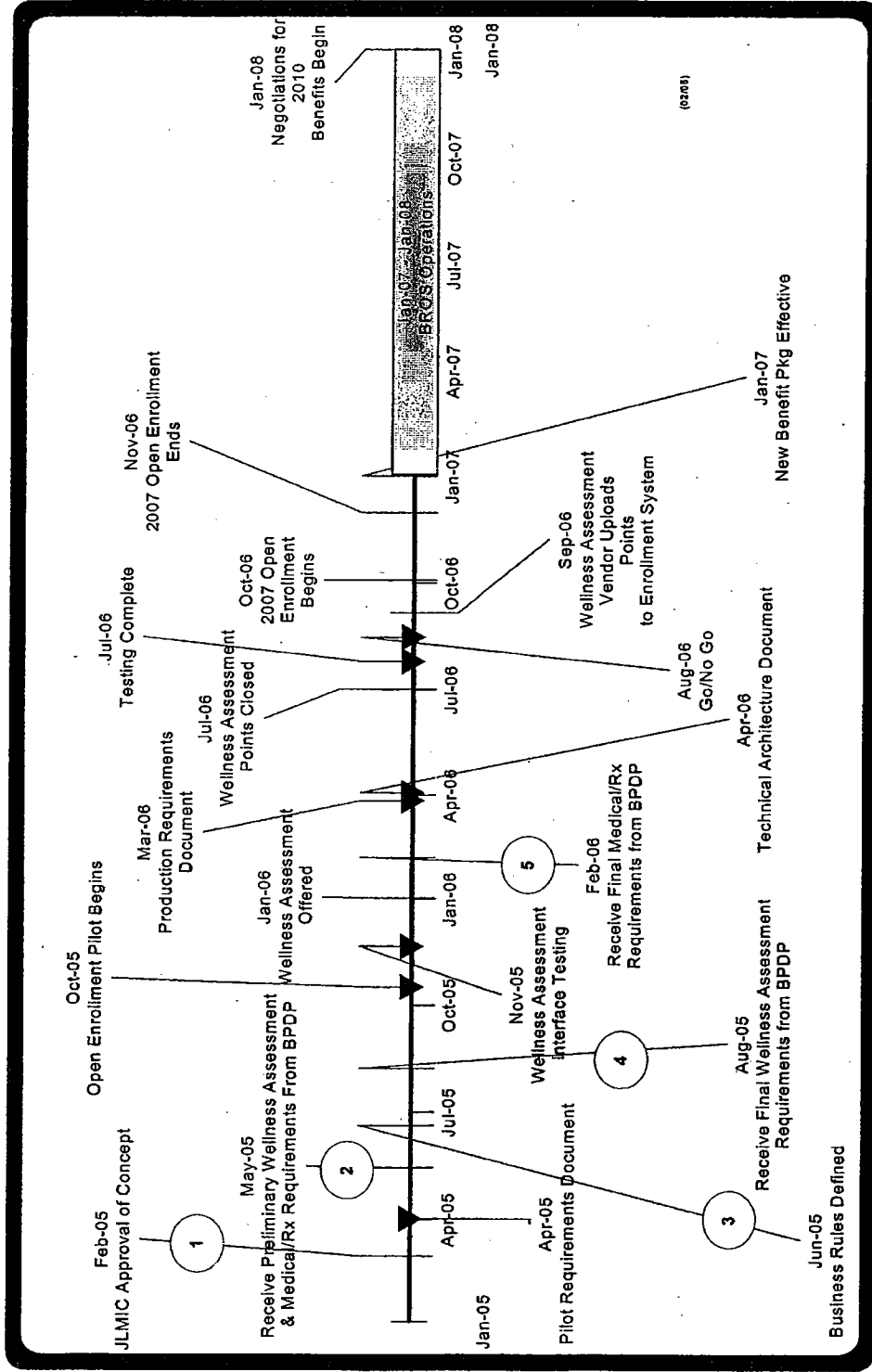
APPENDIX D – KING COUNTY HEALTH REFORM INITIATIVE GOVERNANCE STRUCTURE

KING COUNTY HEALTH REFORM INITIATIVE

Internal - County

@ 3/2/05

Executive Sponsor
Ron Sims

Executive Manager
TBD

Employee Communications
Elaine Kraft

Policy/Oversight Committee
Sheryl Whitney, Steve Call, Bob Cowan, Kurt Triplett, Kathi Ogelsby, Alonzo Plough, Paul Tanaka, Anita Whitfield, Caroline Whalen, Karleen Sakumoto, + Executive Manager,

Steering Committe (PDP & BHIP)
Jim Buck, Bob Cowan, Kevin Kearns, Paul Tanaka, Caroline Whalen, Anita Whitfield

Project Management Office
Project Leaders, Program Director, Project Managers, Project Staff Support

Program Sponsor
Paul Tanaka

Program Director
Karleen Sakumoto

Labor Negotiation
Obglesby, Lawson, Schaefer, Grennan

Benefits Program Development Project (BPDP)

Benefit Health Initiative Project (BHIP)

Project Leader
Kerry Schaefer

Project Leader
Cindy Lee

BPDP Program Manager
Linda Sanders

HM Project Manager
Syd Phillips

HM Partner
Paulo Nunes-Ueno

HM Partner
Pam Mitchell

HM Partner
Marilyn Reardon

Online Enrollment System

Employee Web Portal

Project Team

2007 Benefits Open Enrollment

New Plan Implementation

Project Manager
Gary Tripp

Technical Lead
Bill Neuhardt

Project Control
TBD

Project Asst
Sonja Rowland

Business Analyst
Cindy C-Wilson

DBA/LAN Admin
TBD

PS Developer
TBD

HR Assoc (6)
TBD

Func Analyst
TBD

Web Developer
TBD

Comm Spec/Educator
TBD

HR Analyst
TBD

Web Manager
Judi Chapman

Admin Spec
Vacant

Project Admin
Debbie Swales

Project Mngr RFPs
Vacant

APPENDIX E – PROJECTED KCHRI COST REDUCTIONS

**Projected Cost
Reductions**

King County Health Initiative For 2007-2009 (developed by Mercer HR Consulting)

	Projected Flex Rate[1]	Percent Change	Targeted Percent Reduction	Targeted Percent Change	Targeted Flex Rate	Targeted Flex Rate Reduction	Reduction Per Year
2003	$797.92	n/a	n/a	n/a	$797.92	$0.00	
2004	$951.00	19.20%	n/a	n/a	$951.00	$0.00	
2005	$980.00[1]	3.0%	n/a	n/a	$980.00	$0.00	
2006	$1,086.00	10.8%	n/a	n/a	$1,086.00	$0.00	
2007	$1,205.00	10/9%	3.6%	7.3%	$1,165.00	$40.00	$ 5,839,056
2008	$1,338.00	11.1%	3.7%	7.4%	$1,251.00	$87.00	$ 12,830,868
2009	$1.488.00	11.2%	3.7%	7.5%	$1,344.00	$144.00	$ 21,165,840

Aggregate Annual Total (rounded to the nearest million) $40,000,000

[1] The calculation for the 2005 flex rate was made well before the actual flex rate was adopted in the 2005 budget.
One of the caveats articulated when this model was built and became the basis of negotiating the 2007 – 2009
benefits package is that the **actual** flex rate will be different from this model each year. Sometimes it will be lower,
sometimes it will be higher. The county's actuary is still predicting that the county is experiencing an artificially
"low" rate at the end of 2004 and beginning of 2005 that may last through this year, maybe even into next, but then
there will be an accelerated increase after that. The actuary is still predicting an overall trend rate that will average
approximately 11% over the five-year period. While the model will not be adjusted at this time, future analysis will
identify the extent to which changes in the trend over time are attributable to program interventions.

APPENDIX F: FUTURE PROCESS FLOW

Employee &
Spouse/Partner

Wellness Assessment

Wellness
Assessment
Vendor

Results

King County
Benefits Operations

Enrollment Packet

MSA

PeopleSoft

Enrollment Setup

King County
Benefits Operations

Enrollment Choices

Employee

APPENDIX G – BHIP TIMELINE
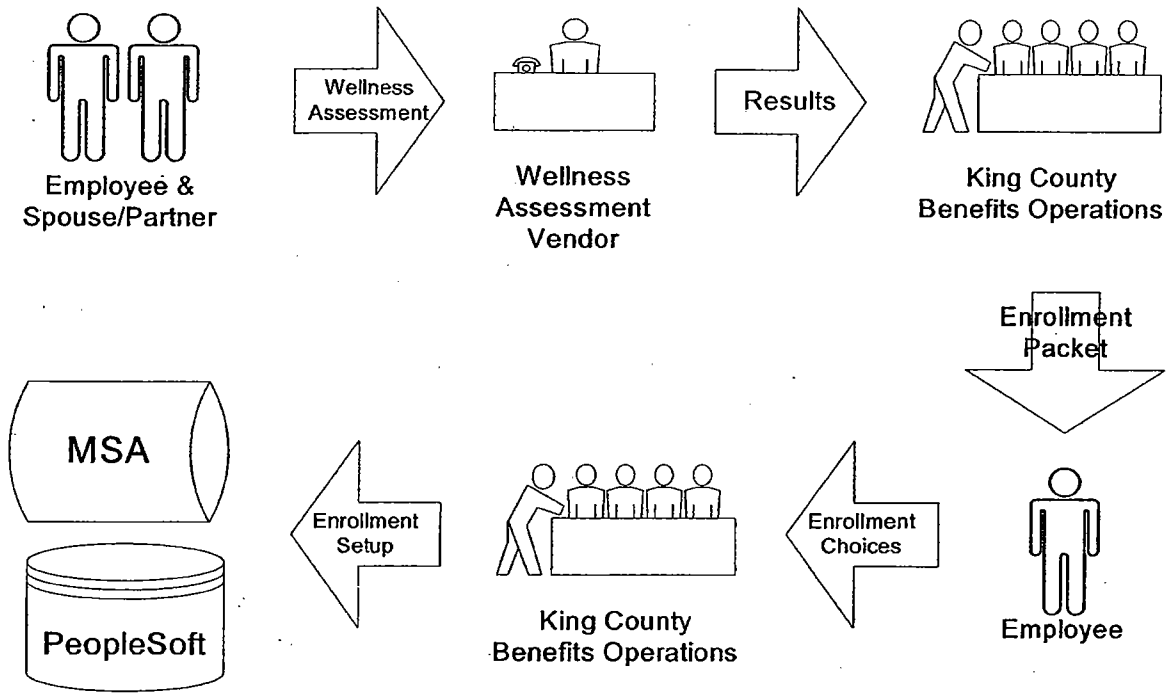
Benefit Health Information Project (BHIP) Timeline

(02/05)

Operations

PRB 10/2007

3/2007

Project Closure & Transition to Operations

12/2006

10/15/06
Open Enrollment for 2007 Benefit Year Begins

PRB 8/2006

9/2006

Benefit Enrollment Implementation

Communication & Education

1/1/06
Wellness Assessment Available to Employees

10/2005   12/2005

Wellness Assessment & Benefit Enrollment Implementation

8/15/2005
Tech Solution Go/No Go Without Pilot

Pilot

Test

Develop

Design

6/15/2005
Tech Solution Go/No Go

PRB 7/2005

A = Analysis

PRB 3/2005

3/2005

PRB 12/2004

9/2004

Analysis

6/15/06
Preparations Begin for Open Enrollment

8/15/05
Plan Requirements Finalized

Legend
A = Analysis

APPENDIX H – BHIP SCHEDULE DRIVERS

Feb-05
JLMIC Approval of Concept

Oct-05
Open Enrollment Pilot Begins

May-05
Receive Preliminary HRA & Medical/Rx
Requirements From BPDP

Apr-05
Pilot Requirements Document

Jan-05

Jul-05

Apr-05

Oct-05
Nov-05
HRA Interface
Testing

Jan-06
HRA's Offered

Mar-06
Production Requirements Document

Jul-06
HRA Points
Closed

Jul-06
Testing Complete

Oct-06
2007 Open
Enrollment
Begins

Nov-06
2007 Open Enrollment
Ends

Oct-06

Jul-06

Apr-06

Apr-06
Technical Architecture Document

Feb-06
Receive Final Medical/Rx
Requirements from BPDP

Sep-06
HRA Vendor Uploads Points
to Enrollment System

Aug-06
Go/No Go

Jan-07
New Benefit Pkg Effective

Jan-07

Jan-07 – Jan-08
BROS Operations

Apr-07

Jul-07

Oct-07

Jan-08

Jan-08
Negotiations for
2010
Benefits Begin

Jan-08

Aug-05
Receive Final HRA
Requirements from BPDP

Jun-05
Business Rules Defined

1

2

3

4

5

(02/06)

Benefit Health Information Project (BHIP)
Business Case

APPENDIX I – CURRENT DATA/PROCESS FLOW

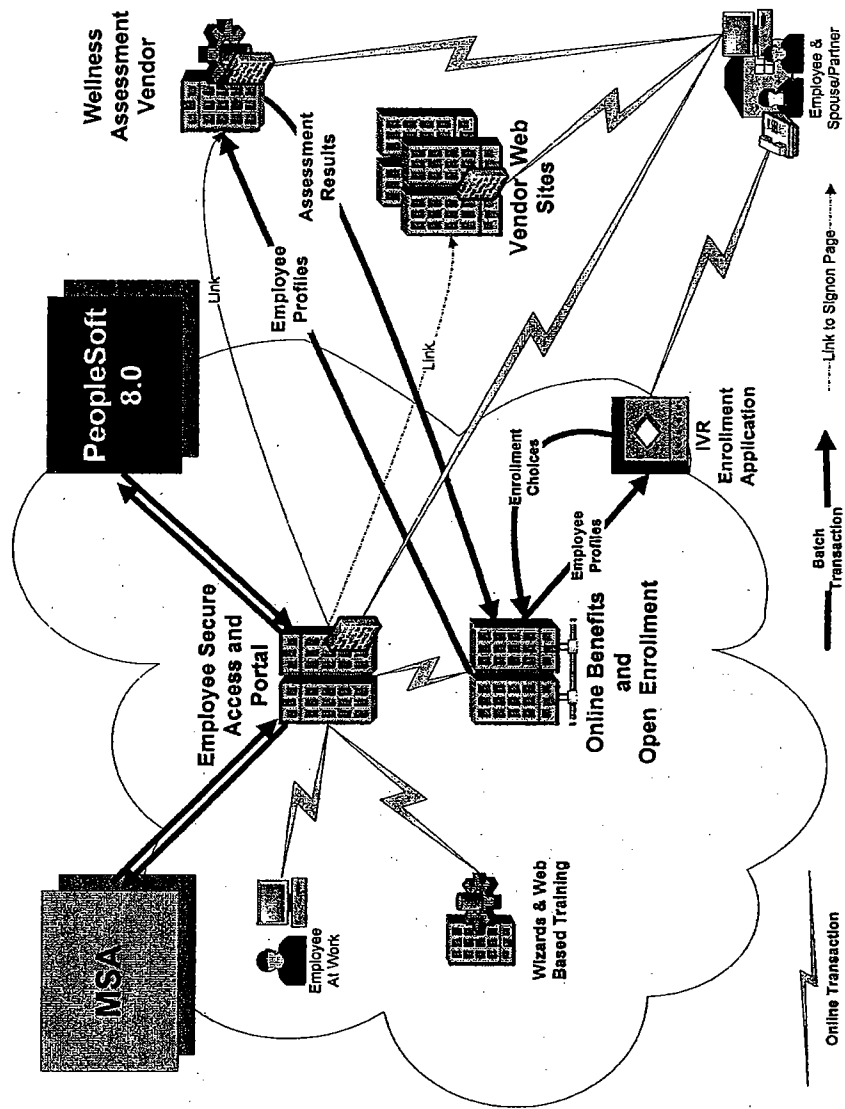# APPENDIX J – OVERVIEW OF FULLY AUTOMATED NEW PROCESS

APPENDIX K – ESTIMATED COSTS FOR PAPER ENROLLMENT ALTERNATIVE

BHIP
Paper Enrollment Alternative
Estimated Costs in 2006 for 2007 Open Enrollment

Data Entry/Forms Handling Costs

Handling and Intake of Forms	10 Minutes Per Form
Full Enrollment Into System	20 Minutes Per Form

Total Time Spent Per Form	30 Minutes Per Form
Total Number of Forms Processed	13500
Total Forms Processed Per Person Per Day	16.00
Total Number of Data Entry Work Days Required	843.75
Total Number Days Available for Data Entry After Nov 1	20
Minimum Number of Data Entry Personnel Required	42.1875
Estimated Number of Data Entry Personnel	**42**
Estimated Data Entry Personnel Per Supervisor	21
Estimated Number of Supervisors	**2**
Total Additional Personnel Required	**44**

BHIP
Paper Enrollment Alternative
Estimated Costs in 2007 for 2008 Open Enrollment

Data Entry/Forms Handling Costs

Handling and Intake of Forms	10 Minutes Per Form
Full Enrollment Into System	20 Minutes Per Form

Total Time Spent Per Form | 30 Minutes Per Form

Total Number of Forms Processed | 6750

Total Forms Processed Per Person Per Day | 16.00

Total Number of Data Entry Work Days Required | 421.88

Total Number Days Available for Data Entry After Nov 1 | 20

Minimum Number of Data Entry Personnel Required | 21.09375

Estimated Number of Data Entry Personnel | **21**

Estimated Data Entry Personnel Per Supervisor | 11

Estimated Number of Supervisors | **2**

Total Additional Personnel Required | **23**

APPENDIX L -- DETAILED REQUIREMENTS

King County

Benefit Health Information Project (BHIP)
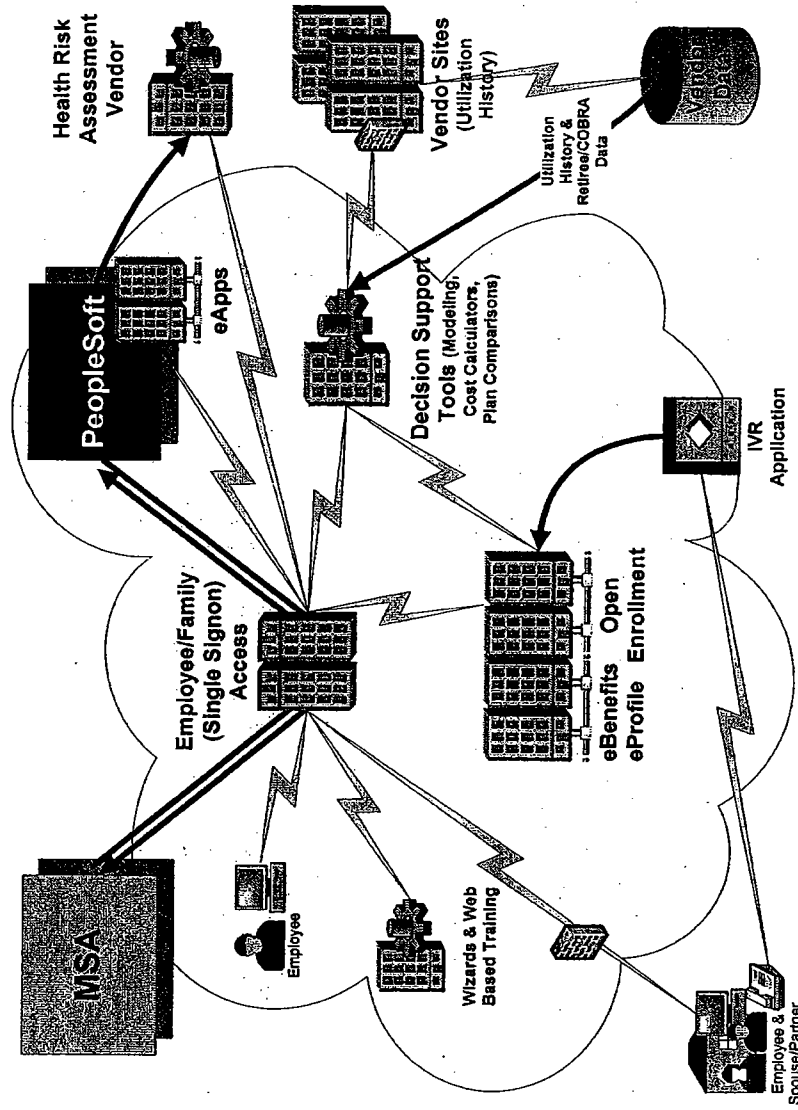# Request for Information (RFI) Requirements

Version 3.0
Last updated Wednesday, November 10, 2004

Benefit Health Information Project (BHIP)
Business Case

Purpose

The purpose of this document is to communicate the BHIP Requirements in support of the Request for Information process.

Requirements Overview

The attached list of solution requirements to support the Benefit Health Information Project was compiled by BHIP team members, drawing from industry technical literature and suggestions submitted by members of Human Resources' Benefits Unit and Finance's Benefits and Retirement Operations Section. Project requirements fall under seven main categories.

Functionality

The solution must integrate with current county and carrier data systems and Web technology to provide various users (employees, retirees, family members, etc.) customized access to their personal health information, including eligibility rules. It must allow users to model different benefit plan options and to enroll in, view and make changes to their benefit coverage (e.g., health and insurance plans, flexible spending accounts, etc.).

Usability

The solution must be designed to meet best practices and intuitive to use, recognizing and guiding individual users through their benefit plan enrollment and change options with easy-to-understand navigation, supporting information and cost calculators. It must include interactive voice recognition as an alternative for users to access their personal health and benefits information, enroll and make changes.

Security/Privacy

The solution must be secure, limiting access to personal health and benefits information per HIPAA and county privacy requirements through state-of-the art password/PIN protection and protocols. It must be able to track and report all user access, including unauthorized access attempts.

Internal Controls

The solution must be able to appropriately apply different benefit-eligibility rules to different users and "hold" certain benefit changes (for instance, adding a spouse/domestic partner for coverage) until supporting documentation is provided and authorized Benefits and Retirement Operations staff can validate the change. It must be able to track utilization and report individual and aggregate data.

Architecture

The solution must use "open" architecture, allowing it to work with existing county applications.

Availability

The solution must be available through the Internet and intranet, from within and outside the county, 24/7 (except during designated back-up periods) and backed up by interactive voice recognition. It must provide single logon that recognizes authorized users and provides appropriate access and functionality into other systems.

Connectivity

The solution must be able to update data from and download data to county systems, plans and other external systems, and to link to supporting Web information.

No.	Functionality: Scope of processes covered by the solution:	Priority
FN-01	Must be able to provide customized benefits, retirement, payroll and other information and functionality based on applicable eligibility rules for each user	Critical
FN-02	Must allow users to enroll in benefit plans and programs (e.g., health and insurance plans, retirement system, FSAs, deferred comp, premium payment plans, etc.)	Critical
FN-03	Must allow users to make changes to plans during benefit enrollment and when qualifying events occur (e.g., change health plans, add/drop insurance, add/delete dependents and beneficiaries, etc.)	Critical
FN-04	Must be able to "guide" users to benefit decisions with benefit program modeling and cost calculators using carrier utilization data	Critical
FN-05	Must provide "I agree/I don't agree" sign-off in order to perform certain transactions	Critical
FN-06	Must allow authorized Benefits and Retirement Operations staff to make and authorize changes as needed on behalf of users, including processing pending changes submitted by users	Critical
FN-07	Must be able to confirm status of change requests to users (automatically printing notices for mailing or sending e-mail notifications)	Critical
FN-08	Must seamlessly integrate with "About Me" static employee Web page, preserving look of the page as functionality is added	High
FN-09	When users enroll or make changes, all elections and changes need to be summarized along with cost and tax implications (e.g. Pre-Tax, Tax on Domestic Partner Benefits) and user allowed to make changes before submitting	High
FN-10	Must support workflow routing and approval processes and alerts (automatically notifying authorized staff when "manual" processing is needed)	High
FN-11	Must allow different content managers to update design and information without ITS help, using templates and "guided" processes	High
FN-12	Must allow users to update personal information (home and mailing addresses, e-mail address, home and work phone numbers, emergency contact information, etc.)	Medium
FN-13	Must provide easy site navigation, navigation aids (e.g., return, continue and back navigation buttons) and search functions that can be customized by users	Medium
FN-14	Must be able to monitor system utilization, types of changes, etc.	Medium

No.	Usability: How users access and navigate (continues next page):	Priority
US-01	Users must be able to view personalized benefit and related county data	Critical
US-02	User interface must be standardized (for instance, the same for PeopleSoft and MSA users), designed to best practices and intuitive to use	Critical
US-03	System must "recognize" different users to provide appropriate functionality	Critical
US-04	System must "guide" users (with demos, prompts, pop-up windows, pull-down menus, sounds, tutorials, task wizards, FAQs, etc.)	Critical
US-05	Users must be able to view personal carrier utilization data	High
US-06	Pages must download quickly (no more than 3-5 seconds for high-speed connection)	High
US-07	System must provide links to more detailed information (e.g., provider lists, cost and tax information, advice of change implications for users, etc.), resource contact information and glossary or pop-up explanations for technical terms	High

Usability: How users access and navigate (continued)

No.		Priority
US-08	Interactive Voice Recognition must be available as an alternative means for users to access information, enroll, make changes and perform other transactions	High
US-09	System must provide "instant help" to users through e-mail or chat room format	Medium
US-10	System must provide "printer-friendly version" capability for all information	Medium
US-11	System must provide means for users to provide feedback	Medium
US-12	System must have capacity to meet needs of non-English speaking and disabled users	Low
US-13	System must allow users to set different navigation options	Low

Security/Privacy: Technology and protocol to protect data and user access per HIPAA and county policy.

No.		Priority
SP-01	Must provide logon that recognizes authorized users and provides appropriate access and functionality across multiple systems for employees, COBRA/retiree participants, family members and authorized Benefits and Retirement Operations staff and content managers	Critical
SP-02	System must secure data through password/PIN protection and other state-of-the art anti-hacking protocols (e.g., reverse proxy, security certificates, secure sockets layer, etc.), appropriately limiting access to different users (family members may access only to their own protected health information)	Critical
SP-03	Users must be able to change and retrieve password/PIN information with secure protocols	Critical
SP-04	System administrators must be able to lock and unlock system access as needed	Critical
SP-05	System must be able to deny and record access by unauthorized users (e.g., locking out users after three failed logon attempts)	Critical
SP-06	All user access and changes must be recorded with confirmation/tracking and user identification	High
SP-07	System must "time out" after set idle time/no activity by users	High
SP-08	System must display information to users describing data security protocols (e.g., lock icon, "VeriSign Secured," etc.)	Medium
SP-09	System must automatically "expire" passwords, prompting users to set new passwords that meet minimum county security requirements	Medium

Internal Controls: Audit measures available to ensure system reliability and data accuracy.

No.		Priority
IC-01	System must audit changes against eligibility rules	Critical
IC-02	Authorized Benefits and Retirement Operations staff members must be able to view and modify employee-entered data, including processing pending changes when supporting documentation received	Critical
IC-03	Must be able to back up data so latest changes can be restored as needed and no data is lost	High
IC-04	Must be able to hold certain transactions in pending status until changes requiring additional documentation are validated	High
IC-05	System must confirm/track each change	High
IC-06	System must be able to track utilization and user data access, and report individual session and aggregate data	High

No.	Architecture: Minimum infrastructure standards	Priority
AR-01	Must provide different levels of security, access and functionality for different users, including employees, COBRA/retiree participants, family members and authorized Benefits and Retirement Operations staff and content managers	Critical
AR-02	Must be capable of handling peak load of 13,000 users accessing 20-30 pages of data 6 a.m.-midnight (18-hour period) during high volume/time critical periods	Critical
AR-03	Vendor support must be available 6 a.m.-6 p.m. Pacific time and 24/7 during other high volume/time critical periods	Critical
AR-04	Must have "open" architecture, allowing it to work with existing county applications	Critical
AR-05	Must support multiple Web browsers (Internet Explorer, Netscape, etc.) and meet county's minimum browser requirements	Critical
AR-06	Must be compatible with the "About Me" Web page (King County static employee Web page developed in Microsoft ASP)	High
AR-07	Must include Interactive Voice Recognition (IVR) system capable of handling peak load of 5,000 users in 6 a.m.-midnight (18-hour period) during high volume/time critical periods	Medium
AR-08	Must be adaptable to touch-screen kiosk application	Low

No.	Availability: When and where system may be accessed and by whom	Priority
AV-01	Must be available through the Internet and intranet, from within and outside the county, 24/7 except during designated back-up periods (e.g., midnight-6 a.m. Mondays)	High
AV-02	Must provide single "smart" logon that recognizes authorized users and provides appropriate access and functionality for employees, COBRA/retiree participants, family members and authorized Benefits and Retirement Operations staff and content managers	High
AV-03	IVR system must be available 9 a.m.-9 p.m. weekdays most of the year and 7 a.m.-11 p.m. during high/volume/time critical periods (rotary phone help must also be available and paper processing must be available to users without Intranet/Internet access or able to use IVR)	Medium

No.	Connectivity: Data sources accessed directly or indirectly by the solution	Priority
CN-01	Must be able to update data from and download data to the PeopleSoft and MSA payroll, Employee Benefits Management System, plan and other systems	Critical
CN-02	Must be able to retrieve real-time health utilization data from carriers for user plan modeling and cost calculation	High
CN-03	Must provide user links to other internal and external data systems and Web pages	High

No.	Other / Miscellaneous	Priority
OT-01	Obtain input on requirements from users	Medium
OT-03	System must be able to collect payments using electronic funds transfer (EFT)	Medium

Benefit Health Information Project (BHIP)
Business Case

1. Available to all King County benefit eligible users (active and retiree, family, domestic partners.)
2. About Me page will be accessible outside the County firewall (Extranet).
3. Access through web site using User ID and password to access personalized health information, as well as to locate public information, i.e., transit schedules.
4. Each user must be independent and may not view other user's information even if in the same family. Comply with all HIPAA requirements.
5. Access to information inside the King County firewall through the employee portal limited only to authorized employees, not to family members.
6. Seamless transition from benefits page of "About Me" page to tools, resources and websites the county has incorporated into its overall health reform initiative package for employees, including links into vendor sites such as Aetna's *Navigator*, GHC's *My Group Health*, WDS' *My WDS*.
7. Ability to pay for benefits by payroll deductions or EFT
8. Glossary of terms
9. A privacy policy page that must have "I agree" or 'I don't agree". Only those agreeing can go forward.
10. If screen information goes into several pages then "Return to top" button
11. Screens should have "Continue" or "back" capability
12. Frequently asked question page should be available
13. Forms – instructions with forms
14. Contact numbers
15. Personal information (name, address, etc.)
16. All pages should have "View printer friendly version and have ability to print
17. Web reports and statistics will be available.
18. Introduction page – describes the how to's or what's it all about
19. User Login (SSN/Username AND PIN)
    a. Ability to get copy of PIN – mailed to home
    b. Ability to reset PIN online
    c. Ability to log in without PIN by answering 2 security questions plus date of birth
20. My benefits page listing current plan for employee.
    d. When OE is available – a link to next Benefit enrollment
21. Benefits Summary Page that list the current elections for the year indicated.
    e. Information includes
        • Type (Medical, Dental, Vision, Life, ADD, etc)
        • Medical provider (Basic, Preferred)
        • Coverage Amount
        • Monthly Contribution – Employee
        • Monthly Contribution – County
        • Coverage Start Date
        • Total Monthly Deduction
    f. Ability to have multiple at least 2 years of information
    g. Ability to order an Benefit enrollment kit
    h. An Enroll Now link

22. Content Manager and Search feature that gathers all information based on key words and displays them. Information enter into database needs to use a standard template (font, style, format, headings, etc.) allowing for key word requests to pull information from different sources.
If Benefit enrollment (OE) is selected or searched for then, based on user ID & password, all information regarding OE will be returned to the screen...
Example

   a. Users current OE information
   b. Information about future/current enrollments
   c. Plan books
   d. Web resources
   e. Information about providers/vendors
   f. Links providers/vendors
   g. Calculator tools to determine comparisons between plans
   h. Special OE rules pertaining to employee (*e.g.* 587 employees versus Deputy Sheriff).

Anything that is bundled in the OE category in the database should be able to map back to the Content or Search request.

23. Plan Comparison and Modeling wizard (calculations based on choices)
   a. Step 1 - My Preferences (Coverage, Providers, Cost, Quality). These screens will ask a series of questions about how important different attributes (characteristics) are to you when choosing a medical plan. Based on your preferences it will create a personalized medical importance profile and display the score for each plan.

      • Coverage's I care about
      • My Providers (Drs and Hospitals)
      • My health care use (# of visits, Rx's. supplies)
      • My financial balances (deductibles, out of pocket met)
      • My importance of ranking (Out of pocket, my providers, plan quality, etc)

   b. Step 2 – Rate Individual preferences with a series of "Importance of differences" questions based on the attributes you selected in Step 1.
   c. Step 3 – Rate combination preferences with "trade off" questions.
   d. My preference results – shows the plan name and score based on my personal preference in Steps 1-3

24. Plan comparisons – side by side tables that compare plan details,
25. Cost calculator that can provide the estimated cost per service (routine physical exam, office visit, specialist visit outpatient surgery, x-ray, lab, etc.) and a column for Estimate Usage per Person (self) then a column for subtotal (usage times cost). This is used to reflect medical cost results showing each plan and the net of out of pocket costs and contribution dollars.
26. Cost calculator that helps the employee determine the impact of pre-tax programs such a health savings accounts.
27. Ability to adapt the content manager and search engine for broader program information beyond the specifics for benefit enrollment.

28. A cost avoidance calculation based on participation in King County health management programs,
(Questions still need to be answered: Is the level of benefit by EE/member for the whole family? If on family basis, how many family members must participate? Employees/families need information on actual input for premiums/out of pocket in each choice for their personal situation.

Step 1) – Participation in health/wellness program	Step 2) – Benefits Plan Options	Step 3) – Pre tax savings for healthcare expenses premium and/or
1) Choose not to participate in any	Bronze only – Premium share and high out of	Pretax or non pretax?

Benefit Health Information Project (BHIP)
Business Case

program	pocket	
2) Choose to participate in a Wellness Assessment (formerly known as a Health Risk Assessment) *and* one health program	Bronze (above) or Silver – No Premium share or moderate out of pocket costs	Pretax or non pretax?
3) Choose to participate in a Wellness Assessment and two health programs	Bronze (above) or Silver (above) or Gold – Comparable to existing plan option – no out of pocket costs	Pretax or non pretax?

APPENDIX M -- CASH FLOW ANALYSES

Leveraging PeopleSoft eBenefits vs. Retrofit Solution

Form 1/ Summary, Cost Benefit and Cash Flow Analysis	Project	Benefit Health Information Project
01-Mar-05		Leveraging PeopleSoft With eBenefits versus Retrofit Existing
Suggested Format		

	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	TOTAL
OUTFLOWS - PEOPLESOFT	187,385	1,802,641	2,127,903	504,263	125,000	125,000	125,000	125,000	5,122,192
OUTFLOWS - RETROFIT	187,385	1,468,504	2,636,948	1,112,458	880,428	1,627,282	946,462	982,531	9,841,999
NET CASH FLOW	0	(334,137)	509,045	608,195	755,428	1,502,282	821,462	857,531	4,719,797
INCREMENTAL NPV	NA	(295,983)	128,411	605,641	1,163,531	2,207,717	2,745,094	3,273,075	
Cumulative Costs - PeopleSoft	187,385	1,990,026	4,117,929	4,622,192	4,747,192	4,872,192	4,997,192	5,122,192	
Cumulative Costs - Retrofit	187,385	1,655,889	4,292,837	5,405,295	6,285,724	7,913,005	8,859,457	9,841,989	

Cost of Capital	Breakeven Period vs. Retrofit Non-Discounted	Breakeven Period vs. Retrofit Discounted	NPV$	IRR%
6.25%	FY 2006	FY 2006	3,273,075	175.55%

* - "Non-Discounted" represents breakeven period for cumulative costs and benefits (no consideration of time value of money).
* - "Discounted" considers effect of time value of money through incremental Net Present Value.

Key Assumptions:

Overriding Assumptions:

1) All costs shown are based on incremental costs only and do not include current operations except on Form 4, which includes the cost of retrofit for benefits operations activities.

2) All salaries are based on existing positions with similar bodies of work.

3) Computers are assumed to cost $2,000 each with an additional $1,000 for software based on recent purchases.

BHIP Scope:

6) Scope will include benefits enrollment activities throughout the year to include open enrollment, life event changes, flexible spending account enrollments, beneficiary updates, and interfacing with multiple healthcare and wellness vendors. Also includes web portal to facilitate employee self-service.

7) Scope will not include single sign-on to vendor websites, import/export of vendor HIPAA protected data, or decision modeling.

BHIP Administrative:

8) The total cost of the administrative effort of the BHIP project leveraging PeopleSoft is projected to be $1,631,633 including contingency.

BHIP Technical:

9) The total cost of technical effort of the BHIP project leveraging PeopleSoft is estimated to be $2,332,601.

BHIP Educational/Training:

10) The total cost of the educational/training effort of the BHIP project leveraging PeopleSoft is estimated to be $224,838.

BHOS Operational:

11) The total cost of the additional operational effort of the BHIP project leveraging PeopleSoft is estimated to be $205,282.

BHOS Ongoing Support:

12) Additional ongoing support will consist of ongoing ITS hardware support. Actual support requirements will be determined during transition to production.

13) The total cost of ongoing support resulting from BHIP is estimated to be $227,966 for 2007 with COLA increases estimated at 2.50%, salary step increases estimated at 2.50%, and total benefits costs increasing 10.00% per year.

14) The support cost for 2009 on the Retrofit solution assumes that a project team of six people will be hired to implement new functionality in a system that is not flexible.

Benefit Health Information Project (BHIP)
Business Case

Leveraging PeopleSoft eBenefits vs. Purchased Package

Form 1/ Summary, Cost Benefit and Cash Flow Analysis				Project		Benefit Health Information Project		

01-Mar-05
Suggested Format

Leveraging PeopleSoft With eBenefits versus BeneLogic

	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	TOTAL
COSTS - BeneLogic	187,385	2,683,107	2,368,450	951,526	700,317	746,264	756,075	786,899	9,179,022
COSTS - PEOPLESOFT	187,385	1,802,641	2,127,903	504,263	125,000	125,000	125,000	125,000	5,122,192
NET SAVINGS VS PURCHASE	0	880,466	240,547	447,263	575,317	620,264	631,075	661,899	4,056,830
INCREMENTAL NPV	NA	779,928	980,473	1,331,425	1,756,301	2,187,426	2,600,263	3,007,793	
Cumulative Costs - Purchase Pkg	187,385	2,870,491	5,238,941	6,190,467	6,890,784	7,636,048	8,392,123	9,179,022	
Cumulative Costs - PeopleSoft	187,385	1,990,026	4,117,929	4,622,192	4,747,192	4,872,192	4,997,192	5,122,192	

Cost of Capital	Breakeven Period - yrs		NPV $	IRR %
	Non Discounted	Discounted		
6.25%	FY 2005	FY 2005	3,007,793	#DIV/0!

* - "Non-Discounted" represents breakeven period for cumulative costs and benefits (no consideration of time value of money).
* - "Discounted" considers effect of time value of money through incremental Net Present Value.
** - Internal Rate of Return (IRR) can only be determined if there is more cumulative money spent on PeopleSoft at any time during the project. Since this was not the case, no IRR can be calculated.

Key Assumptions:

Overriding Assumptions:

1) All costs shown are based on incremental costs only and do not include current operations except on Form 4, which includes the cost of benefits operations activities.
2) All salaries are based on existing positions with similar bodies of work.
3) Computers are assumed to cost $2,000 each with an additional $1,000 for software based on recent purchases.
4) HIPMSA cleanup and process improvement are successful and complete by December 2005.

BHIP Scope:

5) Scope will include benefits enrollment activities throughout the year to include open enrollment, life event changes, flexible spending account enrollments, beneficiary updates, and interfacing with multiple healthcare and wellness vendors. Also includes employee web portal to provide benefits information/education, as well as a platform for future healthcare initiatives.

6) Scope will not include single sign-on to vendor websites or county network applications, import/export of vendor HIPAA protected data, or decision support tools.

PeopleSoft Solution Breakdown of Costs (Total project cost of this solution: $4,394,354 including contingency):

7) The total cost of the project management overhead of the PeopleSoft solution is projected to be $1,631,633 including contingency or 37% of overall project costs.
8) The total cost of technical effort of the PeopleSoft solution is estimated to be $2,332,601 including contingency or 53% of overall project costs.
9) The total cost of the educational/training effort of the PeopleSoft solution is estimated to be $224,838 including contingency or 5% of overall project costs.
10) The total cost of the additional operational effort of the PeopleSoft solution is estimated to be $205,282 including contingency or 5% of overall project costs.
11) Additional ongoing support will consist of ongoing ITS hardware support. Actual support requirements will be determined during transition to production.
12) The total cost of ongoing support resulting from BHIP is estimated to be $227,988 for 2007 with COLA increases estimated at 2.50%, salary step increases estimated at 2.50%, and total benefits costs increasing 10.00% per year.
13) Assumes separate PeopleSoft 8.9 environment from current PeopleSoft 8.0 production environment to avoid dependencies and manage conflicts with the PeopleSoft upgrade to version 8.9 currently scheduled to be completed September 2006.
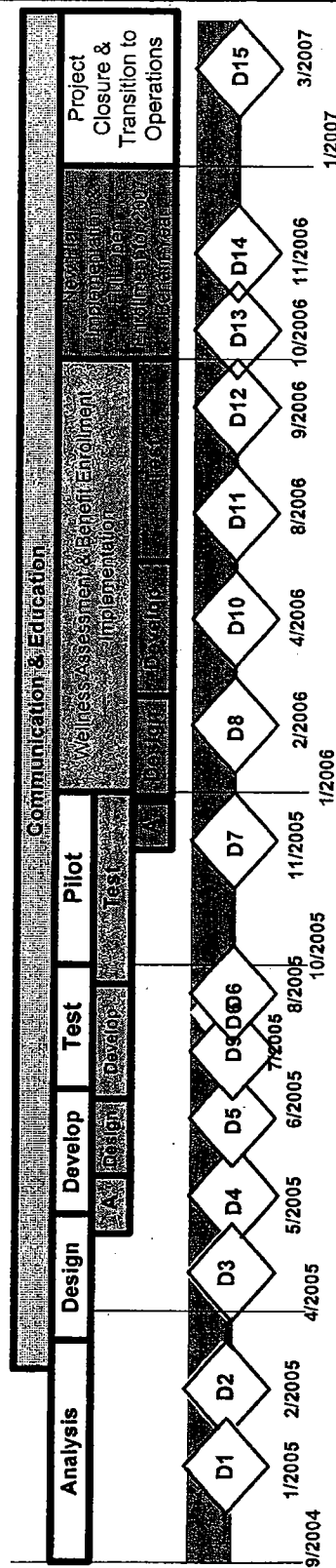
Purchase Package Differences in Cost (Total project cost of this solution: $5,515,366 including contingency):

14) The total cost for the additional software for the Purchase Package is $600,000 with a $118,750 on-going maintenance cost beginning January 2006 based on the quote from BeneLogic (the only other acceptable alternative identified in the RFP) with a contingency totaling $251,559 for a total additional cost of $970,309 for 2006.
15) Percentage increases in Purchase Package solution ongoing costs for 2008 - 2011 are based on the same assumptions as the PeopleSoft solution.

APPENDIX N – DELIVERABLES TIMELINE

Benefit Health Information Project (BHIP)
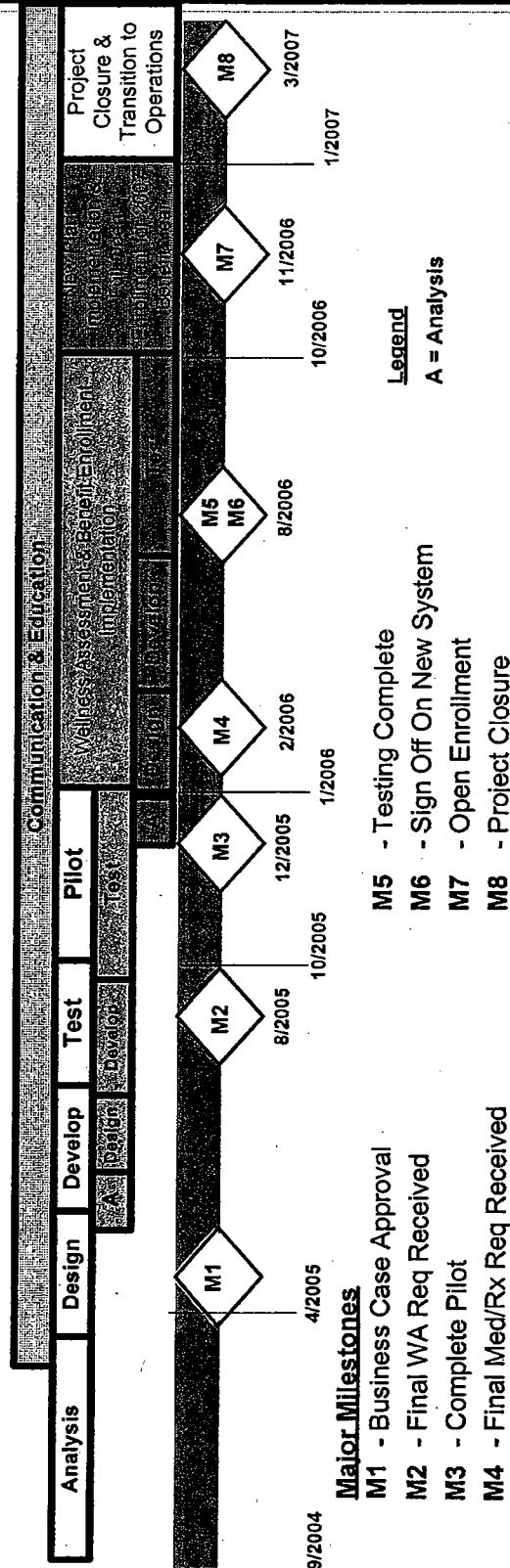## Deliverables

Legend
A = Analysis

Analysis	Design	Develop	Test	Pilot		Project Closure & Transition to Operations

Communication & Education

Wellness Assessment & Benefit Enrollment Implementation

| 9/2004 | 1/2005 | 2/2005 | 4/2005 | 5/2005 | 6/2005 | 7/2005 | 8/2005 | 10/2005 | 11/2005 | 1/2006 | 2/2006 | 4/2006 | 8/2006 | 9/2006 | 10/2006 | 11/2006 | 1/2007 | 3/2007 |

D1 D2 D3 D4 D5 D6 D7 D8 D10 D11 D12 D13 D14 D15

Major Deliverables

D1 - Project Plan Document
D2 - Business Case Document
D3 - Pilot Requirements Document
D4 - Prelim WA & Med/Rx Requirements Received from BPDP

D5 - Install & Test Enrollment Tool
D6 - WA Vendor Selected
D7 - Complete Pilot
D8 - Medical Vendor(s) Selected
D9 - Technical Architecture Document
D10 - Requirements Document

D11 - Testing Complete
D12 - Upload WA Points
D13 - Transition to Production
D14 - Open Enrollment
D15 - Project Closure

(02/05)

APPENDIX O – MILESTONES

Benefit Health Information Project (BHIP) Milestones

Analysis	Design	Develop	Test	Pilot		Project Closure & Transition to Operations

Communication & Education

Wellness Assessment & Benefit Enrollment Implementation

9/2004   4/2005   8/2005   10/2005   12/2005   1/2006   2/2006   8/2006   10/2006   11/2006   1/2007   3/2007

M1   M2   M3   M4   M5 M6   M7   M8

Major Milestones
M1 - Business Case Approval
M2 - Final WA Req Received
M3 - Complete Pilot
M4 - Final Med/Rx Req Received

M5 - Testing Complete
M6 - Sign Off On New System
M7 - Open Enrollment
M8 - Project Closure

Legend
A = Analysis

(02/05)

APPENDIX P: ACTIVITY COMPARISON TABLE

Activity	Current Process With Current Plan	Web Enrollment Process With New Plan	Web Enrollment Process With New Plan
Eligibility	• Determined solely by employment status (FTE, temporary, etc.) and union membership. Currently eligibility can be determined by a simple look up on the employee's personnel record.	• BROS will have to determine eligibility based on the information from the Wellness Assessment Vendor along with union membership and employment statues. [Process: Under the new plan design, BROS will have added steps to determine eligibility and plan placement. The time to determine eligibility and plan placement will depend on the level of manual handling required. i.e. look at reports from Wellness Vendor vs. look at information in a computerized system.]	• Wellness assessment of adult beneficiaries determine tier placement as well as determined by employment status (FTE, temporary, etc.) and union membership
Annual Enrollment Preparation	9 Medical plans (King Care (Basic and Preferred), 3 transit plans, Group Health, Pacific Care, Regence, Sheriff's Office Group Health)	• What is currently known is that the county will still have the same number of plans but will have to multiply each of the plans by three to administer the three tiered approach to plan placement.	• 3 tier

Benefit Health Information Project (BHIP)
Business Case

Activity	Current Process With Current Plan	Paper Enrollment Process With New Plan	Web Enrollment Process With New Plan
	• Miscellaneous plans – Long term disability, enhanced life insurance, accidental death and disability, dental and vision Services	• BROS will still have the miscellaneous plans to administer along with the 9 medical plans and three-tiered placement.	• Same

Benefit Health Information Project (BHIP)
Business Case

Activity	Current Process With Current Plan	Present Enrollment Process With New Plan	Web Enrollment Process With New Plan
	• **30 variations of the enrollment form** based on union affiliation across plans, used to **manually create** customized employee packets based on the employee's personal information (i.e. dependents, plan placement, eligible to switch to PERS Plan 3 etc.)	• **90 variations of the enrollment form** based on union affiliation across plans, used to **manually create** customized employee packets based on the employee's personal information (i.e. dependents, plan placement, eligible to switch to PERS Plan 3 etc.) [Process: Currently form development begins in June and is completed by the end of August. Each form must contain what benefits the employee currently has and what choices they have during open enrollment. In order to provide all the personal information needed for enrollment the form is a two-sided 11/17 form with no room for any added information. It is anticipated the BROS will have to go to a multiple part enrollment form with the additional information for employee and spouse/domestic partner. The development time will need to increase, which will mean less time for the analyst to do other support activities such as budget prep, FSA support and other technical support needed. Additional FTEs (Business Analyst and Communications Specialist are anticipated to help with form development and review).]	• **90 variations of the enrollment form** based on union affiliation across plans, used to **create customized** employee information for the employee web portal based on the employee's personal information (i.e. dependents, plan placement, eligible to switch to PERS Plan 3 etc.) [Process: Annual development and review time needed to create the mapping rules. Employees will only see his/her personalized information when they log into the employee portal with their secure login.

Benefit Health Information Project (BHIP)
Business Case

Activity	Current Process With Current Plan	Web Enrollment Process With New Plan
	• **30 enrollment guides based on union affiliation across plans.** The enrollment guides are customized for each employee's personal plan criteria. [Process: Currently development and review of the enrollment guides begin in June and is completed by the end of August. Mercer Human Resource Consulting reviews the guides for compliance with the contracts.]	• **90 enrollment forms that are customized with personal plan information** (i.e. enrollment guides for KC Sheriff's Office, guides for Transit's plans 1, 2 or 3 etc). Will need more time to develop. [Process: Each guide must contain any changes that may occur on the plans due to regulatory or contractual changes. As each guide is developed it must be reviewed by the subject matter experts in BROS for accuracy and ease of reading. Mercer Human Resource Consulting reviews the guides for compliance with the contracts. The development time and cost for review will need to increase. Staff is already pushing to get the 30 guides completed and to Mercer on time, this will require added staff and dollars for the Mercer review. Additional FTEs (Business Analyst and Communications Specialist are anticipated to help with form development and review). These are the same added FTEs as the above column.]	• **90 enrollment guide variations** – based on union affiliations across plans and wellness result, development and review time estimated to **develop customized personal** information posted to the employee web site. [Process: Time to develop and review the information in the plan guides will now begin in **March compared to June.** The information must be reviewed for accuracy by the BROS team and reviewed for compliance (regulatory and contractually by Mercer Human Resource Consulting. A longer time will be needed for this review due to the 90 enrollment guides. Additionally resources needed for the consultant review for the added guides.]

Benefit Health Information Project (BHIP)
Business Case

Activity	Current Process With Current Plan	Paper Enrollment Process With New Plan	Web Enrollment Process With New Plan
	• Miscellaneous forms for beneficiary, retirement and flexible spending accounts	• In addition to the 13,500 enrollment forms in 2006 for the 2007 plan year, BROS will have to process all the beneficiary changes and flexible spending account changes. It is anticipated that with increased co-pays in some of the tiers, there will also be an increase in the medical flexible spending account changes.	• BROS will continue to manually enter beneficiary changes and flexible spending account forms for employees that enroll using the IVR solution.
	• Summary of Material Modifications (SMM) for inclusion in the packets developed parallel with the enrollment guides and forms. [Process: In June, BROS is contacted by Mercer to identify any plan changes that are needed. This information is incorporated into the existing SMM. Because this is the first year of the new plans, a Summary Plan Description (SPD) will need to be developed. This effort can begin in 2006 and must be completed in the first quarter of 2007. Subsequent years an SMM will be developed for any changes that occur in the plans.]	• In the first year of the three-year plan a new Summary Plan Description (SPD) will need to be developed. [Process: The Communications Specialist will develop the documentation for the SPD. This document is a labor-intensive document because the plan design is a significant change from the previous plan design. It must go through staff review, vendor review and lastly compliance review with Mercer. It is a comprehensive document that is then placed on the BROS web site for access by all employees and hard copies are distributed to the sites where no PCs are available such as transit bases and road maintenance shops.]	• BROS will develop an SPD for the 2007 rollout and an SMM for remaining years in the plan.

Activity	Current Process With Current Plan	Impact to Current Process With New Plan	Web Enrollment Process With New Plan
	• Send all forms and guides to print shop and graphics for printing. [Process: All miscellaneous forms (i.e. beneficiary, FSA etc) and **30** guides are scheduled for printing with the county's print shop. **They are sent mid September** and received back in BROS within the week. The county's print shop is prepared to support this effort every year at this time.]	• This effort will have an impact on both BROS and the county's print shop. **90** guides and other inserts will require a longer lead-time. [Process: To print **90** guides plus the miscellaneous forms will require more lead time for the print shop. Currently the deadline to complete everything and send to the print shop in time for the mass mailing is mid September. **This will have to be moved back to end of August or even earlier depending on whether we mail in-house or with the services of a mail vendor.**]	• **New task; to print post card with enrollment instructions.** [Process: Employees may request, from BROS, a hard copy enrollment packet sent to their homes. Will only need to print a small number of the **90** guides and miscellaneous forms that will require less time for the print shop.]

Activity	Current Process With Current Plan	Paper Enrollment Process With New Plan	Web Enrollment Process With New Plan
	• Prepare all miscellaneous instructions for the packets. Each packet has, in addition to the personalized enrollment form and guide, added documents for adds/deletes, changes to beneficiaries, change forms to go from PERS Plan 2 to PERS Plan 3, instructions on flexible spending accounts etc. [Process: All the information must be identified and prepared and envelopes calibrated for the size of the packet and window. The deadline for this activity is end of August.]	• Each packet has, in addition to the personalized enrollment form and guide, added documents for adds/deletes, changes to beneficiaries, change forms to go from PERS Plan 2 to PERS Plan 3, instructions on flexible spending accounts etc. [Process All the information must be identified and prepared and envelopes calibrated for the size of the packet and window. With the increase in paper volume a different size envelope may be needed each year depending on the number of changes that occur (we believe the benefit plan will be iterative), which, once again, requires BROS to be completed with the enrollment package earlier than August. **It's conceivable that the annual enrollment will become a full time, yearlong activity instead of a 7-month part time activity.**]	• Mail will be sent to employees requesting a paper enrollment packet on an **exception basis.** [Process: Employees may request from BROS a hard copy enrollment packet sent to their homes if they are not comfortable using an automated tool to access their information.]

Activity	Current Process With Current Plan	Paper Enrollment Process New Plan	Web Enrollment Process With New Plan
	• 30 forms and enrollment guides, over 50 – 65 combinations, customizations for the mail vendor. [Process: A spreadsheet identifying the 50 – 65 mail combinations for the 30 forms and enrollment guides is prepared. It takes approximately two weeks to prepare the spreadsheet for the mail vendor. The mail versions occur because of the combinations of benefits each employee has. An example is the county has one deputy sheriff that is also a PERS participant. He gets a package with the Deputy Sheriff enrollment guide, but also gets a guide on how to change from PERS Plan 2 to PERS Plan 3 (by state law he is entitled every year to enroll in PERS 3) along with a state retirement change form and a brief sheet describing where he can locate information about PERS 3. His packet is specially handled because he is the only one that requires PERS information in the Sheriff's Office.]	• A spreadsheet that identifies the combinations of 50 – 65 mail versions for the (now) 90 forms must be prepared for either a mail vendor (if we can find one that will handle the amount of specialization needed) or an in-house staff. [Process: A spreadsheet identifying the 50 – 65 mail combinations for the (now) 90 forms and enrollment guides is prepared. It takes approximately two weeks to prepare the spreadsheet for the mail vendor this will now take at least 3 times longer for the three tiers. The mail versions occur because of the combinations of benefits each employee has. An example is the county has one deputy sheriff that is also a PERS participant. He gets a package with the Deputy Sheriff enrollment guide, but also gets a guide on how to change from PERS Plan 2 to PERS Plan 3 (by state law he is entitled every year to enroll in PERS 3) along with a state retirement change form and a brief sheet describing where he can locate information about PERS 3. His packet is specially handled because he is the only person in the county with this exception. The added volume of 90 forms and guides will take longer and will require new staff. The Communications Specialist in the past has prepared this information. This is now work that must be done by the new previously mentioned FTE (Communications Specialist or Business Analyst).]	• Mailing will still occur but it will be a postcard with instructions, no customizations in the mailing.

Benefit Health Information Project (BHIP)
Business Case

Activity	Current Process With Current Plan	Paper Enrollment Process With New Plan	Web Enrollment Process With New Plan
Annual Enrollment	• Send spreadsheet with mail customizations to mail vendor for mailing	• If the county can contract with a mail vendor the same process of sending the mail instructions with the customized mail requirements will occur.	• **Postcards with instructions on how to enroll will be mailed to every benefit eligible employee.** [Process: Requests for hard copy packets will be made for BROS to mail a packet to an employee home. Spreadsheet is still necessary to mail the correct packet.]
	• BROS team hand stuff packets for COBRA and retiree medical participants (600 participants)	• BROS staff will prepare the mailing for the COBRA and Retiree Medical participants. Again a greater level of complexity when preparing packets for a three-tier plan.	• **This population will receive post cards.** [Process: Requests for hard copy packets will be made for BROS to mail a packet to an employee home.]

Benefit Health Information Project (BHIP)
Business Case

Activity	Current Process With Current Plan	Paper Enrollment Process With New Plan	Web Enrollment Process With New Plan
	• Packets are returned with undeliverable addresses and are re-directed (approximately 2% or 260)	• BROS staff will research the undeliverable mail packets and make efforts to re-direct the packet to employee's homes and at a last resort their work site. [Note: Do not anticipate this to be much different than the past. Might even be better because of all the mailings that have occurred with the Healthy Matters newsletters, employees might maintain their names and addresses in the payroll systems more diligently. Feedback is more instantaneous than once a year.]	• Same (With the extra effort to notify employees about updating their addresses, this number may drop in the new process)

Benefit Health Information Project (BHIP)
Business Case

Activity	Current Process With Current Plan	Paper Enrollment Process With New Plan	Web Enrollment Process With New Plan
	• Completed enrollment forms arrive October 15 – 31 (average 3600 per year). [Process: Currently 2 short term temps are hired each year for 4 months to assist in the annual open enrollment. Mail is opened, forms logged into tracking system, separated by form type and put into temporary filing boxes and waits processing. Forms with errors are noted in the tracking system and returned to employees where the BROS staff continually monitors and follows-up for resolution. Each team member keeps a log of his or her outstanding error forms. Timing to process the forms (enter changes into the various systems) is coordinated with new hires, payroll and personnel maintenance. Forms are then processed by entering changes into the systems.	• Completed enrollment forms arrive October 15 – 31. In the first year of the plan change, BROS will receive 13,500 forms plus another 1200 miscellaneous change forms. [Process: The steps of opening the mail, logging the forms etc. will remain the same. We anticipate 30 minutes per form with the added work of the wellness assessment, provided the assessment results are automated. To process 13,500 plus forms we will need 44 additional short term temps in 2006 to process forms for the 2007 plan year. The number of staff is for 4 months, including one month for training, and 2 supervisors to oversee the work. Space to house this large number of temporary staff in close proximity to BROS will need to be found, purchasing PCs, printers and software for the data entry will need to occur. Hiring and training the staff will be a major effort and it is difficult to determine that all new hires will meet the performance expectations of the section. Some attrition is anticipated. The following years will be cut in half based on the information we have that more plan changes will occur with the annual wellness assessment. See Appendix K for supporting details.	• BROS will provide support to any employee that wants to enter their information online with assistance. [Process: BROS will communicate that on an appointment basis they will assist employees enrolling online in the BROS office.]

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Activity	Current Process With Current Plan	Present Enrollment Process With New Plan	Web Enrollment Process With New Plan
	• Forms with errors are returned to employee and tracked for resolution (16% of the forms have errors or missing information, approximately 575 returned forms in 2004) [Process: Phone calls, emails and in some extreme cases US mail is the process for communicating with employees that have submitted incorrect forms. A common error is neglecting to sign the form. On the last 2-3 days of open enrollment BROS receives a flurry of requests to for new packets sent to their homes. . The reasons range anywhere from "didn't receive packet" to "threw it away without opening it". It takes about 20 minutes to prepare each packet for mailing or pick up at the door.]	• Assuming consistency with the percent of errors, BROS will track **2160** forms with errors and follow-up to resolution. [Process: Phone calls, emails and in some extreme cases US mail is the process for communicating with employees that have submitted incorrect forms. A common error is neglecting to sign the form. Eventually BROS resolves the outstanding issues or defaults the employee and his/her family into KingCare Basic. That number is generally less than 10 and BROS usually hears from them when they receive their confirmation notices. We have experienced a fairly consistent number of incorrectly filled out forms each year. In addition to the incorrectly filled out forms, BROS also receives calls on the last 2-3 days of enrollment from employees that need new enrollment packets for a myriad of reasons. That number is generally about 100 requests for new packets. The reasons range anywhere from "didn't receive packet" to "threw it away without opening it". It takes about 20 minutes to prepare each packet for mailing or pick up at the door. An enrollment in which all employees must take an action will undoubtedly cause an increase in the number of "re-do" requests.]	• Will develop tracking reports in the new system to ensure every benefit eligible employee is enrolled.

Activity	Current Process With Current Plan	Paper Enrollment Process With New Plan	Web Enrollment Process With New Plan
	• Information from enrollment forms is entered into Open Enrollment User Interface, Beneficiary system, MSA, Flexible Spending Acct system and PeopleSoft. [Process: The forms are now data entered into one of the above-mentioned systems. PeopleSoft changes are entered directly in PeopleSoft, beneficiary changes into the beneficiary system, FSA into the FSA system and MSA into the EBMS front-end system where the data is uploaded to MSA. The current time complete forms processing time is **30 minutes**.]	• Processing is entering the change data into one of several systems and in some cases two systems. [Process: The forms are now data entered into one of the above-mentioned systems. PeopleSoft changes are entered directly in PeopleSoft, beneficiary changes into the beneficiary system, FSA into the FSA system and MSA into the EBMS front-end system where the data is uploaded to MSA. The staffing impacts are included in the **30** minute per completed form processing for the added 44 short-term staff members.]	• **BROS staff enters requested exceptions. Beneficiary and life insurance changes entered by BROS staff if employee enrolled via the IVR process.** [Process: Employees may request assistance with their online enrollment from BROS. Additionally employees my use the Interactive Voice Response system (IVR) for enrollment. However, changes to beneficiary, FSA and life insurance will have to be done on paper and BROS staff will still have to handle those forms.]

Activity	Current Process With Current Plan	Web Enrollment Process With New Plan
	• Entries audited [Process: Once all entries are processed and entered into the appropriate systems, a manual audit is conducted to verify data entry accuracy.] Form changes are randomly audited Since there are pre-tax implications for the county with the FSA changes, every form is manually audited for correctness.]	• Entries audited. [Process: Once all entries are processed and entered into the appropriate systems, a manual audit is conducted to verify data entry accuracy. Form changes are randomly audited Since there are pre-tax implications for the county with the FSA changes, every form is manually audited for correctness.]	• Develop an audit function for online enrollment
	• Vendor files transmitted to vendors in mid-December. [Process: Files are sent to the vendors with various methods currently. They are sent via web, FTP or CD. The vendor determines the method of transmission.]	• Vendor files transmitted to vendors in mid-December. [Process: BROS will transmit eligibility files to the new vendors with the vendor-defined requirement. It is too early to determine if BROS will have a consistent process or will continue to follow several different methods of file transmittal. The decision will depend on the alternative selected.]	• New interfaces with consistent transmission protocols will be developed as part of the new system

Activity	Current Process With Current Plan	Web Enrollment Process With New Plan	Web Enrollment Process With New Plan
	• Confirmation letters of all changes are printed and mailed to employee	• Confirmation letters of all changes are printed and mailed to employee	• Online enrollees may print their own record or view online. Confirmation notices sent for beneficiary and life insurance transactions to IVR users
	• Respond to increased inquiry calls (normal 50 calls per day increases to 200 calls per day)	• Respond to increased inquiry calls (normal 50 calls per day increases to 200 calls per day)	• Anticipate an increase in calls due to change in plans at least in the first year.
	[Process: In normal years, calls increase soon after employees receive the enrollment packets. The general kinds of questions are "did you receive my form" or "how should I fill out the form".]	[Process: In a new plan year it is anticipated that calls will increase over the usual number that is normally received during an annual open enrollment. Staffing impact is included in the above column with the increase in short-term temp staff.]	[Process: In a new plan year it is anticipated that calls will increase over the usual number that is normally received during an annual open enrollment. Staffing impact is included in the above column with the increase in short-term temp staff.]

Activity	Current Process With Current Plan	Paper Enrollment Process With New Plan	Web Enrollment Process With New Plan
	• Respond to increase walk-in support (normal 5 walk-ins per day increases to a range of 40 – 100 per day) [Process: Employees will walk into BROS for assistance in filling out their enrollment information. BROS staff ramps up by assigning shift of "support" staff to take care of the walk-ins.]	• Respond to increase walk-in support (normal 5 walk-ins per day increases to a range of 40 – 100 per day) [Process: BROS generally has a large number of walk-in traffic on the last 2 – 3 days of open enrollment. It is anticipated that the walk-in traffic might be heavier with new plan designs as employees seek help filling out their enrollment forms. Staffing impacts is included in the above column with the increase in short-term temp staff.]	• **Anticipate an increase in walk-in support at least in the first year.** [Process: BROS generally has a large number of walk-in traffic on the last 2 – 3 days of open enrollment. It is anticipated that the walk-in traffic might be heavier with new plan designs as employees seek help enrolling.]
	• All documents are filed (average year 3600) [Process: All forms that change are filed into employees' benefits records.]	• All documents are filed (average year 3600) [Process: BROS will have the **13,500** enrollment forms plus the added 1200 or so flexible spending account, adds/deletes and beneficiary changes to employee benefit files right after open enrollment. Staffing impacts is included in the above column with the increase in short-term temp staff.]	• **Decrease – only filing beneficiary and insurance changes from IVR users.**

Benefit Health Information Project (BHIP)
Business Case

Activity	Current Process With Current Plan	Proposed Enrollment Process With New Plan	Web Enrollment Process With New Plan
Mid-year life changing events	• 1795 change forms in 2004. [Process: Throughout the year employees add/drop dependents. The number for 2004 was 1795]	• The number of family adds/deletes is pretty consistent each year. [Process: It has not yet been determined how many mid-year changes will occur resulting from the wellness assessment. Depending on the volume and time required to process BROS may need to increase staffing levels. At this time the only staffing levels anticipated are the 2 FTEs for the open enrollment process, the Business Analyst and Communications Specialist.]	• Employees may request assistance for online changes with BROS. Employees will conduct all other changes without assistance from BROS. Edits and rules will be built into the system to only accept allowable changes.

Activity	Current Process With Current Plan	Proposed Enrollment Process With New Plan	Web Enrollment Process With New Plan
	• 1010 average new employee enrollees in 2004. [Process: This number represents the number of either new hires or newly benefit eligible employees in 2004. It includes the part time transit operators that had two extra enrollments during the year.]	• 1010 average new employee enrollees in 2004. [Process: BROS currently tracks new hires that attended new employee orientation. BROS will have to add to their tracking if and when an employee completed the wellness assessment and follow-up for appropriate employee/spouse or domestic partner match-up with wellness results and convert to correct plan placement and enrollment into a benefit plan in 30 days. Depending on the volume and time required to process BROS may need to increase staffing levels. At this time the only staffing levels anticipated are the 2 FTEs for the open enrollment process, the Business Analyst and Communications Specialist]	• Employees may request assistance for online enrollment with BROS. Employees will conduct all other enrollment without assistance from BROS. Results from the wellness assessment are in the system resulting from daily vendor information.

Benefit Health Information Project (BHIP)
Business Case

Activity	Current Process With Current Plan	[Future Process With New Plan]	Web Enrollment Process With New Plan
	• Forms are data entered into PeopleSoft or MSA [Process: The forms are submitted to BROS upon completion and are entered into either PeopleSoft or MSA. Beneficiary forms are entered into the beneficiary system and FSA forms into the FSA system. Mid year changes are not entered into the front-end system for uploading to MSA.]	• Forms are data entered into PeopleSoft or MSA [Process: Once the plan placement occurs, data is entered into MSA or PeopleSoft. Mid year changes and new hires are keyed directly into PeopleSoft and MSA and the EBMS front-end system is not used at any time other than open enrollment. Depending on the volume and time required to process the match-up for placement BROS may need to increase staffing levels. At this time the only staffing levels anticipated are the 2 FTEs for the open enrollment process, the Business Analyst and Communications Specialist.]	• Employees may request assistance from BROS with their change or enrollment entries. BROS will support employees with this activity.
	• In addition to regular open enrollment, two additional transit open enrollments are conducted each year for newly eligible part-time transit operators	• Assumption, same as regular enrollment. Have not received the plan changes for the three transit plans yet. Haven't determined impact, still waiting on what will happen with the part time transit operators.	• New task – Compare new hire enrollments with online system to ensure timely enrollment

Benefit Health Information Project (BHIP)
Business Case

Activity	Current Process With Current Plan	Web Enrollment Process With New Plan
Employee Outreach	• Web site that is updated whenever changes occur.	• Content for newsletters and articles must be produced monthly per the new Employee Focus Web Page Manager. The content must be posted to the web site. The added task of the newsletters, articles and web updates will require additional staffing in BROS.
	• BROS will continue to update the current web site with any changes that occur to the plans and must now prepare benefits related newsletters and articles to continue to keep employees informed. The addition of a Communications Specialist to develop the articles and newsletters, post to the website and assist with the addition of 60 forms and guides is needed.	
	• Employee enrollment fair once per yr	• BROS will continue to sponsor an annual health fair with the emphasis on the annual on-line enrollment training.
	• BROS previously had enrollment fairs every year. It was discontinued due to limited resources. It was started again in 2004 and was very well received, especially employees that are planning retirement so it was agreed to conduct this annually.	

Activity	Current Process With Current Plan	Future Enrollment Process With New Plan	Web Enrollment Process With New Plan
	• Weekly new employee orientations	• It is currently mandatory for each new hire to attend a new employee orientation (NEO) within the first 7 days of employment. BROS will need to prepare new materials for the benefit portion of NEOs to include explanation of the new wellness assessment and the timeline to enroll.. This does not have much impact on the NEO coordinator, but does have impact on the ability to enroll in 30 days of hire date.	• Same
	• Benefit plan education at Transit bases	• BROS will continue to perform this service, as it will become more critical for newly benefited employees the time needed for the wellness assessment.	• Same
Technical		• BROS will have to do some programming of their current home-grown Access system	• Online enrollment – Information available for employees at any time from home or at work

Benefit Health Information Project (BHIP)
Business Case

Activity	Current Process With Current Plan	Process Transformation With New Plan	Web Enrollment Process With New Plan
		• BROS will continue to develop this information for the employee focus web page.	• Web Portal for plan support. Provides information to assist employees in health care decisions, physician choices and eventually tools created by the Puget Sound Health Alliance
		• BROS will have to do some programming of their current homegrown Access system, but will not be able to automate the eligibility rules. That will be done manually unless a complete re-write is authorized.	• Automated rules and edits to determine eligibility and reduce errors. System will not allow changes employee is not eligible to make
		• BROS will have to do some programming of their current homegrown Access system, but will not be able to automate the eligibility rules. That will be done manually unless a complete re-write is authorized.	• Automated matching of wellness results for employee and spouse and conversion to accurate family tier placement

Activity	Current Process With Current Plan	Enrollment Process With New Plan	Web Enrollment Process With New Plan
		• Develop customized forms on the Access system for the plan choices available. Forms may not have the most current information due to the timing of the information from the Wellness Vendor. There is also a point in time when the form is printed and mailed out to employees and the results arrive from the Wellness Vendor that is different than what was originally sent due to appeals etc. This will have to be manually managed.	• Develop customized personal information that is accessed via the web portal and real time from the Wellness Vendor for online enrollment and lookup.

APPENDIX Q: IVR ENROLLMENT OPTION

IVR Enrollment Option

None of the alternatives analysed provided an alternative option for those employees who did not have online access. The Interactive Voice Response (IVR) option is being considered as an augment to online enrolment that will provide a feasible solution and improves the manual paper process. This section provides information from an initial investigation of IVR systems.

Description

With this alternative, King County would implement an IVR package that could be used as a benefit enrollment tool for those employees who either do not have access to a computer, or do not have computer skills. Though an IVR is more limited in terms of the information that can be provided to the employee, and the information that it can accept from the employee it does, however, provide improvement over the purely manual enrollment process.

Employees who wish to use IVR would need to request an open enrollment packet containing benefits plan information.

Costs: Assuming 24 phone lines, the costs of an IVR system are estimated as follows:
- $55,000 for a turnkey system (less server)
- $30,000 for a server
- $2400 to install the 24 phone lines at $100 each
- $400 for a technician to connect the lines assuming that a technician can connect 2-4 lines per hour at $50/hour
- $350 to install the UCD hardware, which queues people waiting for a free line
- Maintenance costs are $26/month for each phone line

The initial cost of implementing the system is estimated at $87,800. Assuming that all 24 lines are kept open for the period of October-November of each year, and that two lines are kept open for the remaining months of the year, the estimated maintenance costs are $4400 per year to install and maintain the lines each year.

Benefits

IVR provides the following tangible and intangible benefits to the county:
- Provides alternatives for employees who either do not have access to a computer, or do not have computer skills.
- Less labor intensive for county staff than a manual system, as data will not be received on a paper form that will have to be manually reviewed, logged and entered by administration staff.
- Fewer errors as data is entered directly by employees, instead of using a multiple step process involving writing benefits changes on paper to be read and keyed by county staff at a later time. Fewer errors because IVR system will be able to enforce eligibility rules of online system.
- Can interface with PeopleSoft and other HR systems for automatic entry of data into those systems.

Considerations

IVR has the following costs and considerations:

- Employees will still have to submit paper forms for information that cannot be gathered through IVR (such as beneficiary changes and to sign up for FSA). Usage of these paper forms will require data entry by BROS staff.
- Errors in employee choices and plan changes will be more difficult to resolve because IVR information will need to be transferred to paper for BROS staff to follow-up.
- Does not provide the capability for employees and their families to access health programs and disease management programs that are critical elements of the Healthy Incentives Program.
- Attempts to access IVR during the peak enrollment period may result in a busy signal or a long wait time.
- Employees may request enrollment packets that require handling by BROS staff.

Assumptions

Below is the major assumption associated with the adoption of an IVR system.

- It is assumed that approximately 2700 of the 13,500 benefits eligible employees (20%) will use the IVR system.

Issues

This table lists the highest priority issue associated with the adoption of an IVR system.

Description	Priority	Resolution Actions
Employees will likely not be able to change beneficiaries, FSA information, and dependents through IVR.	High	Employees needing to make these types of changes will have to use a paper form at an administrative cost to the county.

APPENDIX R – GLOSSARY OF TERMS

Term	Definition/Explanation
3-tiered Health Plans	Aka *Healthy Incentives* program. New configuration of health plans. Each vendor will offer all three tiers.
ABT	Accountable Business Transformation that includes countywide implementation of PeopleSoft and Oracle.
KCHRI Policy/Oversight Committee	Sheryl Whitney, Steve Call, Bob Cowan, Kurt Triplett, Kathi Ogelsby, Alonzo Plough, Paul Tanaka, Anita Whitfield, Caroline Whalen, Karleen Sakumoto, + Executive Manager
BHIP	Benefit Health Information Project. The implementation sub-project of the KCHRI project.
BMI	Body Mass Index. The measurement of body fat to assist in determining health risks.
BPDP	Benefit Policy and Plan Development Project. The policy sub-project of the KCHRI project.
BPDP & BHIP Steering Committee	Paul Tanaka, Caroline Whalen, Jim Buck, Bob Cowan, Kevin Kearns, and Anita Whitfield
BROS	Benefit and Retirement Operations Section of FBOD
CAO	County Administrative Officer – Paul Tanaka
DES	Department of Executive Services
eBenefits	PeopleSoft module for employee input of benefit information
EBMS	Employee Benefit Management System. The current system used for updating and tracking changes to employees benefit information.
eDevelopment	Part of PeopleSoft system used to register and track training
ePay	Part of PeopleSoft system used to view pay check information, make W4 changes, etc.
FBOD	Finance and Business Operations Division of DES
FSA	Flexible Spending Account. A pretax benefit offered to employees to help with healthcare costs.
HAT Force	Health Advisory Task Force. Directed to research strategies to improve health care delivery and costs.
Healthy Incentives Program	aka 3-tiered Health Plans. New configuration of health plans. Each vendor will offer all three tiers proposed.
HIPAA	Health Insurance Portability and Accountability Act of 1996. Specific requirements to ensure the security and privacy of health care information.
HRA	Health Risk Assessment. aka Wellness Assessment. Assessment/survey taken by each employee and spouse/domestic partner to determine points for placement in 3-tier health plan.
HRD	Human Resources Division of DES
ITS	Information and Technology Services Division of DES
IVR	Interactive Voice Response. Telecommunications system.
JLMIC	Joint Labor Management Insurance Committee. The committee of union representatives and management working with BPDP in negotiating new health benefit plans.
KCHRI	King County Health Reform Initiative. The high level initiative sponsored by Executive Ron Sims to attempt to control rising healthcare costs and maintain high levels of healthcare delivery, locally as well as regionally.
KingCare	The name of King County's self-insured plan.
LSJ-I	Law, Safety, and Justice Integration Project. The project used as the model for the Business Case.
Mercer	Mercer Human Resource Consultants. Under contract with the county

Term	Definition/Explanation
	for benefits consulting and actuarial analysis..
MSA	Semi-monthly payroll system. This system pays approximately 11,500 employees.
OIRM	Office of Information and Resource Management.
PeopleSoft	Bi-weekly payroll/HR system. This system pays and maintains information for approximately 6,000 employees.
PIP	Payroll Improvement Project. This project is to develop standardized King County payroll processes and align them between the MSA and PeopleSoft systems
Points	Results awarded during Wellness Assessment – basis for tier placement in the 3-tiered health plan.
PRB	Project Review Board. To advise the county's chief information officer in implementing the project management guidelines developed by the central information technology project management office.
PSHA	Puget Sound Health Alliance. Includes members from public/private regional organizations large and small that will work to increase the quality of care delivered throughout King, Kitsap, Pierce and Snohomish counties.
PSSD	Payroll Support and Systems Development. The section of FBOD that maintains and supports the PeopleSoft and some MSA functionality and systems.
RFI	Request for Information
RFP	Request for Proposal
SLA	Service Level Agreement. Contracts with PSSD, ITS, HRD and others as needed for us of their resources/services.
Stale Dated	Information out of date by the time paper is received for data entry especially with regard to benefit data.
Strategic Technology Plan	King County technology plan for 2003-2005 directed by OIRM
Web Portal	'Gateway' to the system of record with secured employee sign-on.
Wellness Assessment	aka Health Risk Assessment Assessment/survey taken by each employee and spouse/domestic partner to determine points for placement in 3-tier health plan.